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Official Statement

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REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE Santa Clara County, California

\$11,100,000

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SERIES B PARKING LEASE REVENUE BONDS

*Addition to author
cards only.*

Bids to be received on behalf of the Redevelopment Agency of the City of Sunnyvale at the offices of Stone and Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California 94111, at 11:00 A.M., Tuesday, April 11, 1978.



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REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

Santa Clara County, California

City Council and Members of the Agency

Gilbert R. Gunn, *Mayor and Agency Chairman*

Dianne McKenna

Gregory K. Morris

Dolowries Wulfhorst

Donald S. Logan

Harry Cude

Lawrence E. Stone

City and Agency Staff

Lee S. Ayres, *City Manager, City Clerk and Executive Director of the Agency*

James A. Hildebrand,
City Attorney

E. O. Coli, C.P.A.,
Finance Director and Treasurer of the Agency

Gordon R. Miller,
Director of Redevelopment

Donald M. Somers,
Director of Public Works

William F. Powers, *Director of Community Development*

Special Services

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco*

Bond Counsel and Agency Special Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*

Financing Consultants

Bank of America N.T. & S.A., *San Francisco*

Trustee

The First National Bank of Chicago, *Chicago*

Citibank, N.A., *New York*

Paying Agents

THE DATE OF THIS OFFICIAL STATEMENT IS MARCH 21, 1978

7705424



March 21, 1978

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$11,100,000 of Series B Parking Lease Revenue Bonds of the Redevelopment Agency of the City of Sunnyvale (the "Series B Bonds"), authorized and issued for the purpose of assisting in the financing of acquisition of sites for, and the construction of public parking facilities within the Sunnyvale Central Core Redevelopment Project (the "Project"), paying of expenses in connection with issuance, and providing increased debt service reserves as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Redevelopment Agency of the City of Sunnyvale with regard to the Series B Parking Lease Revenue Bonds. (Such firm will receive compensation from the Agency contingent upon the sale and delivery of the Series B Bonds.) Summaries herein presented of the Resolution of Issuance, the First Supplemental Resolution, the Lease Agreement, the Community Redevelopment Law, the Redevelopment Plan for said Project, other documents or agreements pertaining to the Project, and financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Agency for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Series B Bonds. The Resolution of Issuance and the First Supplemental Resolution, which do constitute such a contract, accompany the Official Statement as originally distributed and are available to any prospective bidder on request from the Agency.

A legal opinion approving the validity of the Bonds will be furnished by Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel and Special Counsel to the Agency. (Said Counsel will receive compensation from the Agency contingent upon the sale and delivery of the Series B Bonds.)

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Series B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Agency.

Redevelopment Agency of The City of Sunnyvale

/s/ LEE S. AYRES
Executive Director

/s/ GILBERT R. GUNN
Chairman

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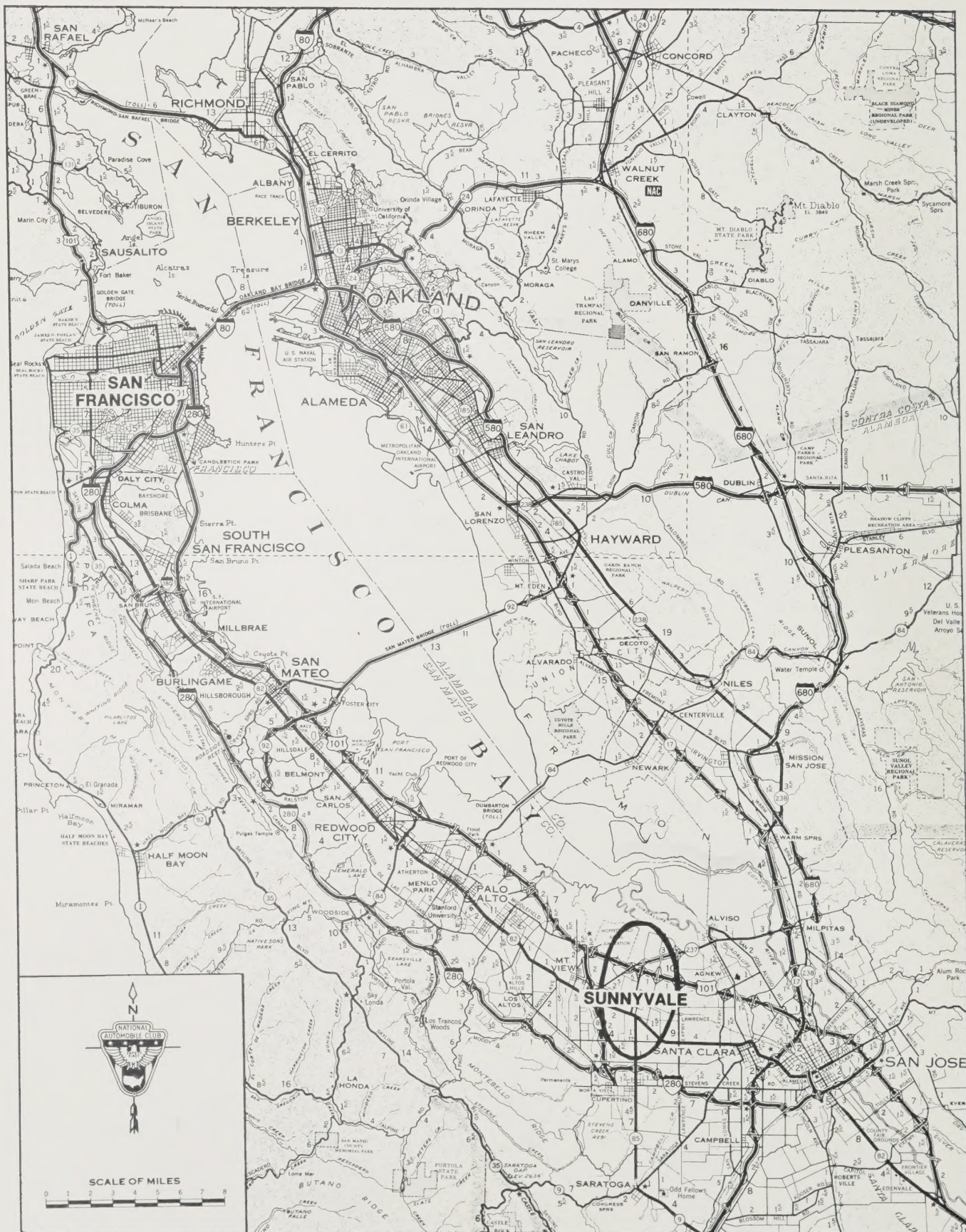
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Vicinity map showing the location of Sunnyvale in relation to other communities in the San Francisco Bay Area.

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INTRODUCTION

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Official Notice of Sale, the Project Lease, and Resolution No. 155-77 and No. 160-78 of the Redevelopment Agency of the City of Sunnyvale for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith. Certain terms are defined in the Introduction which are used at various places in the Official Statement.

The Constitution and laws of the State of California recognize the vital need for the elimination and rehabilitation of deteriorating urban areas in the state through conservation and redevelopment efforts, and provide an effective means of accomplishing these objectives. Under the provisions of the Community Redevelopment Law (California Health & Safety Code, Section 33000 et seq.), communities containing areas subject to economic and social deterioration may remedy these conditions by activating a redevelopment agency, which has the power to designate specific areas for redevelopment, prepare plans for redevelopment of the designated areas, and carry out the approved plans.

In November of 1957 the Sunnyvale City Council determined that there was a need for redevelopment of portions of the city, and by resolution activated the Redevelopment Agency of the City of Sunnyvale (the "Agency"), which is a public entity separate and apart from the city. The City Council declared itself to be the Agency.

The Sunnyvale Central Core Redevelopment Project (the "Project"), for which the Redevelopment Plan was adopted on November 26, 1975, consists of about 184 acres in the city's central business district. The Project is the second to be undertaken by the Agency.

The major development presently scheduled for the Project area is the Sunnyvale TownCenter regional shopping center which is being developed by a partnership consisting of Ernest W. Hahn, Inc. and STC Properties Corp. (a wholly owned subsidiary of R. H. Macy & Co., Inc.) as general partners, and R. H. Macy & Co., Inc. as a limited partner (the "Developer"). Under the terms of the Disposition and Development Agreement between Developer and the Agency dated June 23, 1976, the First Implementation Agreement thereto dated March 29, 1977, and the Second Implementation Agreement approved by the Agency on March 21, 1978 (collectively, the "D.D.A."), the Agency will convey to the Developer the site for the TownCenter (the "Developer Parcel"), while the Developer agrees to build a regional shopping center of no less than 580,000 gross square feet. However, the Developer presently proposes to construct a center of 834,000 to 871,000 gross square feet. Pursuant to said agreements the Agency agrees to construct not less than 3,314 parking spaces. The shopping center will be a fully enclosed two-level mall planned for three department stores (Macy's, Ward's and Robinson's) and approximately 100 specialty stores.

Macy's and Ward's have been involved in the TownCenter since its inception, but the third major department store had not been selected until recently. The Developer has advised the Agency that the third major will be a Robinson's store if pending negotiations are concluded successfully. Negotiations with Associated Dry Goods Co. (Robinson's parent company) have progressed to the point where the TownCenter location has been recommended at the West Coast Regional level, and has been approved for submission to the Associated Dry Goods Board of Directors by its President and Chairman. Board action on the submission is expected within 45 days of the date of this official statement. It is understood that Robinson's plans to enter the San Francisco Bay Area market with three stores, with the TownCenter location being the first.

As of the date of this official statement, the Construction, Operation and Reciprocal Easement Agreement ("R.E.A.") has been approved and executed by the Developer, Macy's, Ward's and the Agency, and will be placed in escrow prior to delivery of the Series B Parking Lease Revenue Bonds (the "Series B Bonds") now being offered. Upon delivery of fee title to the Developer of that portion of the Developer Parcel which will be conveyed at Phase I close of escrow, including that portion of

the Developer Parcel on which the TownCenter will be built, the R.E.A. will be filed and recorded with the Santa Clara County Recorder. The R.E.A. will be amended to include the Robinson's department store when the latter tenant approves its location in the TownCenter.

Ernest W. Hahn, Inc. presently maintains an equity interest in 19 regional shopping centers which it also manages, including three within redevelopment projects in California. This firm also has six centers under construction and an additional 25 are planned. The Hahn organization is one of the largest shopping center developers in the nation. R. H. Macy & Co., Inc. is one of the country's largest retailing firms, operating 75 Macy's stores in 10 states, along with other retail operations under other names.

As of May 1, 1977, the Agency simultaneously issued \$16,800,000 of Sunnyvale Central Core Redevelopment Project 1977 Bonds (the "1977 Bonds") and \$11,200,000 of Series A Parking Lease Revenue Bonds (the "Series A Bonds") for the purpose of acquiring property for redevelopment and parking, paying relocation and acquisition expenses, paying demolition and clearance costs, financing certain public improvements and meeting certain related and incidental costs.

During the nearly one year since the issuance of the bonds discussed in the preceding paragraph, all occupants have vacated their premises, and the Agency has taken possession of all parcels in the "primary clearance area" (generally comprising the Developer Parcel and the Agency Parcel, as hereinafter defined). Demolition of all buildings has been completed, and site preparation and installation of public improvements are in progress. Although the Agency has taken possession of the property, further legal proceedings are necessary before title can be recorded in the Agency as to all of the parcels in the primary clearance area. In connection with some or all of approximately fifty-seven parcels for which the Agency does not have record title as of the date of this official statement, trials may be necessary to determine compensation due one or more claimants who have not yet settled with the Agency.

Proceeds to be received from the sale of the Series B Bonds will be used to finance the construction of a public parking garage (the "Public Parking Facilities") and surface parking spaces on the Developer Parcel (collectively the "Parking Project"), and to meet additional acquisition and related costs. In

addition, such proceeds will be used to pay interest on the Series B Bonds through May 1, 1980, increase the Reserve Fund initially created with proceeds of the Series A Bonds to one-half of maximum annual debt service on both issues, and to pay costs of issuance (including provision for a discount bid on the Series B Bonds). Pending legal proceedings discussed in the preceding paragraph will not affect the ability of the Agency to construct the Parking Project.

The Series B Bonds are being issued on a parity with the Series A Bonds and are equally and ratably secured by a pledge of the rental revenues due the Agency from the City of Sunnyvale under a lease of the Public Parking Facilities. Rental payments due under the lease are a general fund obligation of the city, for which the city covenants to budget and appropriate sufficient funds each year. When completed, the Public Parking Facilities, together with the site acquired with Series A Bond proceeds (the "Agency Parcel"), will be leased to the city under terms of a lease agreement dated as of May 1, 1977. The lease will terminate on April 30, 2076. The lease may be terminated earlier in the event of condemnation or destruction of the Public Parking Facilities, or default by the city under terms of the lease. A base rental schedule to be incorporated into the lease will provide that the city will pay the Agency annual base rentals in equal semi-annual installments on October 15 and April 15 of each year. Rentals will commence on the later of October 15, 1980 or the date the city takes possession of the property for parking purposes. Pursuant to the provisions of the Second Implementation Agreement, the completion date of acquisition of recordable title for the Public Parking Facilities is June 1, 1978. The October 15, 1980 date for commencement of base rental payments has been established in order to allow sufficient time for the private development to be completed and be reflected on the tax rolls, and to provide ample time for completion of acquisition and construction of the proposed Public Parking Facilities.

Ordinance No. 1847-77 of the city adopting the lease provides for a maximum annual rental payment of \$2,000,000. The actual amount of base rental will be determined after the sale of the Series B Bonds and will be in an amount sufficient to cover annual debt service on both the Series A and Series B Bonds over the entire term of the two issues. Combined maximum annual debt service is estimated

at \$1,787,038, which occurs in the fiscal year ending June 30, 2006. Under the terms of sale for the Series B Bonds, the combined annual debt service may not exceed \$2,000,000 in any one year.

The city is required to provide for the operation and maintenance of the Public Parking Facilities to be constructed on the Agency Parcel and to pay to the Agency as additional rent the amount necessary to pay taxes and assessments, if any, premiums for insurance required by the lease or the bond resolution and any other expenses of the Agency in connection with the Public Parking Facilities which are not met from other available sources of funds. The city, as lessor of the Public Parking Facilities, has subleased the Public Parking Facilities to the Developer. Under the sublease, the Developer will sublease the Public Parking Facilities for an annual rent of \$298,000 (subject to certain credits) and is obligated to repair, maintain and operate the Public Parking Facilities as well as provide insurance policies on the Public Parking Facilities which, together with the insurance policies required to be maintained by the city under the sublease, meet or exceed the insurance requirements of the Resolution (as hereinafter defined).

To insure prompt payment of the Series B Bonds, certain safeguards are provided in the resolution providing for their issuance, including the following provisions.

1. An amount equal to the first 24 months' interest on the Series B Bonds will be deposited in the Principal and Interest Fund from their proceeds. Interest is funded through the property acquisition phase (from Series A Bond proceeds), and the construc-

tion phase (to be funded from Series B Bond proceeds). Completion of the entire acquisition and construction of the Parking Project is scheduled for June 1, 1979, pursuant to the Disposition and Development Agreement, as amended, which is eleven months prior to the date that capitalized interest will be exhausted.

2. A Reserve Fund was initially established in an amount equal to one-half of maximum annual debt service on the Series A Bonds. The Reserve Fund will be increased to one-half of maximum annual debt service on the Series A and Series B Bonds from Series B Bond proceeds, and following completion of the Public Parking Facilities will, through accumulation of interest earnings, be required to be increased to an amount equal to maximum annual debt service on all outstanding Parking Lease Revenue Bonds.

3. Various types of insurance will be provided including fire and extended coverage insurance, earthquake insurance and business (rental) interruption insurance for the foregoing perils equal to twelve months' rental, plus public liability and worker's compensation protection.

4. The Agency shall obtain one or more title insurance policies in the aggregate amount of \$22,300,000 (the combined principal amount of Series A and Series B Bonds) insuring the Agency's fee simple title in the property owned by the Agency at the time of Bond delivery. Additional policies of title insurance will be obtained as the Agency acquires the balance of the property comprising the Agency Parcel. All such policies will contain endorsements in favor of the trustee.

THE BONDS

The statements herein concerning the Series B Bonds, the Project Lease and the Resolution are summaries of certain provisions thereof. They do not purport to be complete, and are qualified in their entirety by reference to said Lease and Resolution, copies of which accompany this official statement as originally distributed.

Authority for Issuance

The \$11,100,000 of Series B Parking Lease Revenue Bonds of the Redevelopment Agency of the City of Sunnyvale will be issued under provisions of the Community Redevelopment Law, Part 1 of Division 24 of the California Health and Safety Code, commencing with Section 33000 (the "Law") and pursuant to the terms of a Resolution of the Agency adopted March 21, 1978, (the "First Supplemental Resolution"), and Resolution No. 155-77 of the Agency adopted March 3, 1977, as amended March 29, 1977 (collectively referred to as the "Resolution"). As required by State statute, the Sunnyvale City Council approved incurrence of the indebtedness on March 21, 1978.

The Series A Bonds, heretofore issued, and the Series B Bonds, now being issued, are collectively referred to herein as the "Bonds".

Sale of Series B Bonds

Bids for the purchase of the Series B Bonds will be received on behalf of the Redevelopment Agency of the City of Sunnyvale until 11:00 A.M., Tuesday, April 11, 1978. Details as to the terms and place of sale are included with the Official Notice of Sale, adopted March 21, 1978, a copy of which is included with this official statement as originally distributed.

Description of the Series B Bonds

The \$11,100,000 of Series B Bonds will be issued in denominations of \$5,000 each and will be numbered B1 through B2,220. The Series B Bonds will

be dated May 1, 1978, and will mature serially on May 1 of each of the years and in the amounts shown below.

SCHEDULE OF MATURITIES

Years	Principal Maturing May 1	Years	Principal Maturing May 1
1981 ...	\$165,000	1995 ...	\$390,000
1982 ...	175,000	1996 ...	415,000
1983 ...	190,000	1997 ...	445,000
1984 ...	200,000	1998 ...	470,000
1985 ...	215,000	1999 ...	500,000
1986 ...	230,000	2000 ...	530,000
1987 ...	240,000	2001 ...	565,000
1988 ...	260,000	2002 ...	600,000
1989 ...	275,000	2003 ...	635,000
1990 ...	290,000	2004 ...	675,000
1991 ...	310,000	2005 ...	715,000
1992 ...	325,000	2006 ...	765,000
1993 ...	350,000	2007 ...	800,000
1994 ...	370,000		

Interest will be payable semiannually on May 1 and November 1 of each year, except that interest for the first year will be payable on May 1, 1979.

Both interest and principal will be payable at the office of the Trustee, the Bank of America N.T. & S.A. (Corporate Agency Division), in San Francisco, California, and, in the case of coupon bonds, at paying agents of the Agency in Chicago, Illinois and New York, New York.

Registration

The Series B Bonds will be issued as coupon bonds which may be exchanged for fully registered bonds. The fully registered bonds will be exchangeable for coupon bonds under the terms set forth in the Resolution.

Redemption

Except in the event of condemnation of the Agency Parcel or the Public Parking Facilities or substantial damage which renders such Agency Parcel or the Public Parking Facilities or any portion unuseable, Series B Bonds maturing on or before May 1, 1992, a total principal amount of \$2,875,000, are not subject to call for redemption prior to maturity. Series B Bonds maturing on and after May 1,

1993, a total principal amount of \$8,225,000 may be called for redemption, at the option of the Agency, in inverse order of maturity, and by lot within a single maturity on any interest payment date commencing May 1, 1992.

The Series B Bonds are redeemable at par value plus accrued interest and a premium of one-quarter of one percent of par value for each year or fraction of a year from the redemption date to the maturity date. The maximum premium payable if the Series B Bonds were redeemed on May 1, 1992, would be 3¾ percent.

In the event that all or a portion of the Agency Parcel or the Public Parking Facilities are condemned or damaged, the Agency may use the proceeds of the award in condemnation or insurance proceeds to provide substitute facilities to be rented to the city or to call and redeem Bonds without premium. No assurance can be given, however, that any such proceeds will be sufficient to retire all Bonds then outstanding. If only a portion of the property should be condemned or damaged and less than all the outstanding Bonds are to be redeemed, the Fiscal Agent will select a principal amount in each maturity to be redeemed so as to provide for as nearly equal bond service as possible on the remainder of the Bonds. The Bonds to be redeemed within each maturity will be selected by lot.

Notice of redemption is to be given as provided in the Resolution.

Legal Opinion

The unqualified legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel for the Agency, attesting to the validity of the Series B Bonds will be furnished without cost to the original purchaser of the Series B Bonds. A copy of the legal opinion will be printed on each bond without charge to the purchaser.

Certificate Concerning Official Statement

At the time of payment for and delivery of the Series B Bonds, the Agency will furnish the successful bidder a certificate, signed by appropriate officers of the Agency and city, acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the official statement nor any amendment or supplement thereto contains any untrue statement or omits to state any material fact necessary to make

the statements therein, in light of the circumstances in which they were made not misleading; (b) since the date of the official statement no event has occurred which should have been set forth in an amendment or supplement to the official statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the Agency or city since the date of such official statement.

Other Closing Documents

In addition to the opinion of Bond Counsel and the certificate concerning the official statement described above, the Agency will, at the time of delivery of the Series B Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. **Arbitrage Certificate.** A certificate of a responsible officer of the Agency that, on the basis of the facts and circumstances in effect at the time of delivery of the Series B Bonds, it is not expected that the proceeds of the Series B Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds (together with an approving opinion of counsel concerning such certificate).

2. **No Litigation Certificate.** A certificate of a responsible officer of the Agency that there is no litigation pending affecting the validity of the Series B Bonds.

3. **Signature Certificates.** Certificates of the respective officers and representatives of the Agency showing that they have signed the Series B Bonds by manual or facsimile signature, and that they were duly authorized to execute the same.

4. **Treasurer's Receipt.** The receipt of the Treasurer of the Agency showing that the purchase price of the Series B Bonds, including accrued interest to the date of delivery (if any), has been received by the Agency.

Tax Exempt Status

In the opinion of bond counsel the interest on the Series B Bonds is exempt from income taxes of the United States under present federal income tax laws (except that interest on Series B Bonds held by any substantial user of the Public Parking Facilities or related person may be taxable). Such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

Eligibility for National Banks

A request has been made to the Controller of the Currency for a ruling that the Series B Bonds are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. A response to the request is expected prior to the date of sale of the Series B Bonds.

Legality for Investment in California

The California Community Redevelopment Law provides that debt instruments authorized and issued in the same manner and for the same purposes as the Series B Bonds described herein shall be legal investments for all banks, including trust companies, and various other financial institutions, as well as for trust funds and other public bodies. The Community Redevelopment Law also provides that such debt instruments are authorized security for public deposits.

The Superintendent of Banks of the State of California has previously ruled that debt instruments of a redevelopment agency are, by said statute, legal investments in California for savings banks. As such, the Series B Bonds would also be legal investments for all trust funds, and for the funds of all insurance companies, commercial banks, trust companies, and any public or private funds which may be invested in county, municipal, or school district bonds. The Series B Bonds may be deposited as security for the performance of any act whenever the bonds of any county or municipality may be so deposited, and may also be used as security for the deposit of public moneys in banks in the state. The Agency has not requested a separate ruling from said Superintendent of Banks as to the Series B Bonds.

Security

Series A and Series B Bond principal and interest are equally secured by an exclusive pledge of base rental payable by the City of Sunnyvale to the Agency for the use of the Public Parking Facilities under terms of the lease described below.

The Bonds are additionally secured by all moneys set aside and held by the Trustee in the Reserve Fund, as hereinafter discussed.

Any income derived by the Agency from the investment or deposit of money held in any fund or account created in connection with the sale of the Bonds during acquisition, construction or development of the Public Parking Facilities shall be trans-

ferred to the Acquisition and Construction Fund (as hereinafter described), and thereafter shall remain a part of each fund or account.

Existing Property Tax Limitations and Exemptions

The California Legislature has enacted legislation intended to limit future increases in ad valorem property tax rates. This legislation generally limits all future general purpose tax rates to that imposed during either the 1971/72 or 1972/73 fiscal year, or the rates set by the enabling statute of the particular taxing entity. Tax rate limits may be raised by any amount which is approved by a majority vote of the electorate. Tax rates may also be increased under an inflation or "cost-of-living" formula incorporated in the legislation. This legislation does not restrict tax rates levied for certain limited purposes, e.g. general obligation bonds or for voter approved pension plans.

Certain exemptions from property taxes have been granted to specific classes of property located in California. Revenues lost by local taxing agencies from two of these exemptions (the homeowners' property tax exemption and the business inventories exemption, which are discussed under the section "City Financial Data" in this official statement) are reimbursed by the State and are allocated to cities and eligible redevelopment agencies in the same manner as locally collected taxes. There is no assurance that additional tax rate limitations or exemptions will not be approved, nor is there any assurance that revenues lost will continue to be reimbursed to local taxing agencies. To the extent that such limitations or exemptions are approved, and reimbursement and allocation of lost revenues are not made, the security of the Bonds could be adversely affected. See the following section entitled "Potential for Further Property Tax Limitations" for a discussion of pending property tax limitations and exemptions.

Potential for Further Property Tax Limitations

There have recently been several California legislative proposals containing provisions which would, in one form or another, place further limitations on the amount of property tax revenues received by local governments of the state. One such proposal (the "Behr Act") has been adopted but becomes operative only under the circumstances and with the provisions discussed in subsequent paragraphs. The Agency and city are unable to determine whether any

other such revenue limitation will become law, and are unable to know what, if any, will be the ultimate effect of any such revenue limitation on the financial affairs of the Agency and the city.

A severe and potentially disruptive form of tax revenue limitation is contained in an initiative constitutional amendment, commonly known as the "Jarvis Initiative." The Jarvis Initiative will appear as Proposition 13 on the statewide ballot in June, 1978, and if approved, will be effective commencing July 1, 1978. The office of the Attorney General of the State of California has, in accordance with applicable law, provided to the Secretary of State of the State of California the following summary of the Jarvis Initiative:

"TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires 2/3 vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by 2/3 vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds."

The Agency cannot predict whether or not the Jarvis Initiative will be approved by the voters nor can it predict whether the validity of the Initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts.

Further, neither the Agency nor the city can predict the exact effect of the Jarvis Initiative, if approved, upon their financial affairs. It can be stated, however, that the Jarvis Initiative could cause a severe decline in the property tax revenues of local governments and that such a decline would require either a significant curtailment in the governmental services or, in the alternative, substantial replacement revenues from the State or from some other source.

The Agency would also call attention to the fact that the Jarvis Initiative, if approved, may severely impair the city's ability to provide moneys to meet the obligation under the Project Lease (as hereinafter described) in the absence of significant replacement revenue.

On March 3, 1978, the Governor of the State of California signed into law Senate Bill No. 1 (California Legislature—1977/78 First Extraordinary Session), commonly known as the "Behr Act." The Act provides, among other things, for the taxation of owner-occupied dwellings at a different rate from that applicable to other taxable property and revises the method of computing the maximum property tax rates which may be levied on property of all types by local agencies. Under the Act, tax rates in any future fiscal year are generally limited so that revenues produced with respect to "common property" will not exceed revenues produced in the immediately preceding fiscal year with respect to such property after adjustment by an inflation factor. "Common property" is generally defined as real property taxable in both such fiscal years, not in a redevelopment project area subject to tax allocation financing, and which, if not owner-occupied, has not increased in assessed values greater than fifty percent (50%); during both years. These maximum tax rates are subject to the local agencies' voters' power to impose higher maximum rates by a majority vote. The Behr Act also provides for a minimum thirty percent (30%) reduction in the tax rate applicable to owner-occupied dwellings, and for reimbursement to the local taxing entities of the full amount of the revenue lost as a consequence of this reduction.

By its terms, the Behr Act will become operative only if (i) Proposition 8, which would amend the California constitution to permit taxation of owner-occupied properties at a different rate than that applicable to other properties, is approved by the voters at the June 6, 1978 election and (ii) Proposition 13, the Jarvis-Gann Initiative, is rejected by the voters at the June 6, 1978 election or declared unconstitutional by the courts. Due to these contingencies, the Agency cannot predict if the Behr Act will ultimately become operative. If the Act does become operative, however, future tax allocation increases would be limited to those resulting from (i) local agency tax rate increases due to inflation and (ii) increased assessed valuation in the Project area. Further, if reimbursements to local taxing entities for revenues lost pursuant to the 30% reduction in tax rates for owner-occupied dwellings are not treated as

tax revenues (as hereinafter defined), a substantial reduction in available tax allocations would result. (Attention is drawn, however, to 46 OPS. ATTY. GEN. 464 (NO. CU 73/117 October 25, 1973) which states that reimbursements for property taxes lost by reason of the homeowners' property tax exemption and the business inventory exemption should be treated as tax revenues.) If the Act becomes operative, the Act may impair the city's ability to levy ad valorem property taxes to provide moneys to meet its obligations under the Project Lease (as herein defined). The Act does not, however, impair the city's authority as a Charter city to impose or increase other taxes, such as a utility users' tax, construction tax, business license tax or property transfer tax, to meet its obligation under the lease.

Purpose

The Series B Bonds are being issued to finance the acquisition of additional sites for the Public Parking Facilities within the Sunnyvale Central Core Redevelopment Project, to finance construction of the Parking Project, to pay incidental costs related thereto, to provide certain reserves and funds for the payment of Series B Bond interest, and to meet costs of Series B Bond issuance. The Public Parking Facilities are to be leased to the city, as described in the following section. An estimate of the application of Series B Bond proceeds is presented in the following tabulation:

DISPOSITION OF SERIES B BOND PROCEEDS

Project expenditures	\$ 9,029,730
Reserve Fund	429,770
Capitalized interest (@ 6¾ %)	1,498,500
Provision for discount (2%)	222,000
Costs of issuance	120,000
Less: interest earnings (@ 5%)	(200,000)
Total Bond Issue	<u>\$11,100,000</u>

The Lease Agreement

The parking sites acquired and cleared with the proceeds of the Series A and Series B Bonds, together with the Public Parking Facilities to be financed with proceeds received from the sale of the Series B Bonds now being offered, will be leased under terms of a Project Lease agreement (the "Lease"), dated as of May 1, 1977. The Lease will terminate by its terms

on April 30, 2076, and may be terminated earlier in the event of condemnation or destruction of the Public Parking Facilities, or default by the city under terms of the Lease.

Ordinance No. 1847-77 of the City Council, approving the Lease, was adopted on March 15, 1977. The ordinance became effective 30 days after approval.

A base rental schedule to be incorporated into the Lease will provide that the city will pay the Agency equal semi-annual installments of base rentals on October 15 and April 15 of each year. Rentals will commence on the later of October 15, 1980 or the date the Agency gives the city written notice that the property is available for use for parking purposes. Pursuant to the provisions of the proposed Second Implementation Agreement to the D.D.A., the scheduled completion date of acquisition of recordable title for the Public Parking Facilities is June 1, 1978. The October 15, 1980 date for commencement of base rental payments has been established in order to allow sufficient time for the private development to be completed and be reflected on the tax rolls, and to provide ample time for completion of acquisition and construction of the Public Parking Facilities. Pursuant to a reimbursement agreement entered into between the Agency and the city, any surplus tax increment revenues received by the Agency (in excess of debt service requirements on outstanding 1977 Bonds), may be applied (but are not pledged) to city lease payments for application to debt service on the Bonds described herein.

Ordinance No. 1847-77 of the city provides for a maximum annual rental payment of \$2,000,000. The \$2,000,000 amount represents a sum which the Agency and city estimated to be adequate to provide for Project expenses and also within Agency and city budget requirements. The actual amount of the base rental will be determined after the sale of the Series B Bonds and will be in an amount sufficient to cover annual Series A and Series B Bond service requirements over the entire term of the respective issues (see Table 1 hereof). Maximum annual debt service on the two series of Parking Lease Revenue Bonds is estimated at \$1,787,038.

The city is required to provide, or cause to be provided, for the operation and maintenance of the Public Parking Facilities to be constructed on the Agency Parcel and to pay to the Agency as additional rent the amount necessary to pay taxes and

assessments, if any, premiums for insurance required by the Lease or the Resolution and any other administrative expenses of the Agency in connection with the Public Parking Facilities which are not met from other sources of funds.

The city is obligated under the Lease to budget for and appropriate the amount of the rentals due in each fiscal year. Under terms of the Resolution the Agency is required to enforce the terms of the Lease by any appropriate means. Should the city default in its obligations under the Lease the Agency has the right to relet the premises for the account of the city without terminating the Lease and the city is obligated to make up any deficiencies in revenues to the Agency. It is anticipated that the city will meet annual rental payments to the Agency from increased property taxes (under the above-mentioned reimbursement agreement), revenues received from a sublease of the premises to the Developer, sales taxes from the Project, and from other available sources of funds. In the event that discretionary revenue sources are not sufficient or available for such purposes, the city may levy all or any part of its presently unused general purpose property tax rate of 31½ cents per \$100 assessed valuation. The current unused and available tax rate, if levied, would yield approximately \$2,152,000 per year, or about 1.20 times estimated maximum annual debt service on the Series A and Series B Bonds. See sections captioned "Existing Property Tax Limitations and Exemptions" and "Potential for Further Property Tax Limitations," for a discussion of potential limitations on the use of the city's available and unused property taxing power.

The Resolution provides that the proceeds of any condemnation award or insurance payment for damages to the Public Parking Facilities will be used to repair or replace the facility or to call and redeem Bonds. There is no assurance, however, that such proceeds will be sufficient to repair or replace the facility or to retire all Bonds then outstanding.

Creation of Special Funds

The Resolution provides for the continuation of special funds established by the Resolution authorizing the issuance of the Series A Bonds for the control and administration of Bond proceeds and of the revenues pledged to meet Bond service. These Funds are listed in the tabulation at the bottom of the following page. The tabulation also shows whether the funds are held by the Trustee or the Treasurer.

Further details of the funds are described in the following pages.

Disposition of Series B Bond Proceeds

Upon delivery of the Series B Bonds the following amounts will be transferred to the Trustee for deposit as indicated.

1. **Principal and Interest Fund**—An amount equal to the first 24 months' interest on the Series B Bonds (including premium and accrued interest, if any) will be deposited in the Principal and Interest Fund (heretofore established) and used to pay interest as it becomes due.

2. **Reserve Fund**—An amount, which together with the amount already in the fund, if any, will be equal to one-half of maximum annual debt service on the Bonds will be deposited in the Reserve Fund (heretofore established).

Money in the Reserve Fund is to be used to pay Bond interest and principal in the event there are insufficient revenues for the purpose and money withdrawn from the Reserve Fund must be replenished from the first available revenues. The fund may also be used to meet the final payments of Bond principal and interest.

Following completion of the Public Parking Facilities the Reserve Fund will, through accumulation of interest earnings, be required to be increased

to an amount equal to maximum annual debt service on the Bonds.

3. **Parking Acquisition and Construction Fund**—The balance of the proceeds are to be held by the Treasurer and placed in the Parking Acquisition and Construction Fund, heretofore established. Money in the fund is to be used to acquire property and construct the Parking Project. Any balance remaining in the fund may be transferred to the Principal and Interest Fund or to the Redemption Fund, in either of which cases it is to be applied as a credit toward base rental due from the city under the Lease, or be retained in the fund and used to finance future parking improvements.

Deposit and Application of Revenues

1. **Revenue Fund**—All pledged revenues are to be placed by the Trustee in the Revenue Fund from which they will be transferred for the purposes and in the order of priority listed below.

2. **Principal and Interest Fund**—On or before April 25 and October 25 of each year, commencing October 25, 1980, the Trustee will deposit in the Principal and Interest Fund, an amount which, together with the balance in the fund, will be sufficient to pay interest on the Bonds becoming due on the next succeeding interest payment date, and on or before each April 25 and October 25 (commencing

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

PARKING LEASE REVENUE BONDS

Special Funds

Fund	Held By	Source	Use
Acquisition and Construction Fund	Treasurer	Bond Proceeds	Acquisition and Construction Costs
Revenue Fund	Trustee	City rental payments and other pledged revenues	Transfers to other funds
Principal and Interest Fund	Trustee	Bond proceeds and Revenue Fund	Payment of bond principal and interest
Reserve Fund	Trustee	Bond proceeds, interest earnings (and, if required, Revenue Fund)	Payment of bond principal and interest
Maintenance and Operation Fund	Trustee	Revenue Fund	Insurance and other project-related expenses
Surplus Revenue Fund	Treasurer	Revenue Fund	Purchase or redemption of bonds, transfers to Acquisition and Construction Fund, or reimbursement of City rental payments

October 25, 1980), an amount equal to one-half of the principal becoming due on the Bonds on the next succeeding May 1. Moneys in this fund are to be used only to pay interest and principal on the Bonds.

3. **Reserve Fund**—The Treasurer will transfer to the Trustee for deposit in the Reserve Fund from the first available revenues the amount, if any, required to maintain the balance in the fund at an amount equal to at least one-half year's maximum annual debt service on the Bonds, subject to the increase specified above.

4. **Maintenance and Operation Fund**—The Trustee will place in the Maintenance and Operation Fund the amount necessary to pay taxes and assessments, if any, levied on the Public Parking Facilities and any operating costs of the Agency in connection with the issuance of the Bonds or of the Public Parking Facilities to be financed by them, including insurance premiums and fiscal agent fees.

Under terms of the Lease the city will operate and maintain the Public Parking Facilities. However if the Agency should be required to operate and maintain it as a result of a default by the city under the Lease, the costs will be met from this fund.

5. **Surplus Fund**—Any money in the Revenue Fund on April 25 of any year, beginning April 25, 1981, provided it is not required to meet future debt service requirements under the schedule of base rental payments, will be transferred by the Trustee to the Surplus Fund held by the Treasurer, and may be used by the Agency for additions or improvements to the Public Parking Facilities, to purchase or redeem Bonds, or be transferred to the Maintenance and Operation Fund or to the city.

Uses of Invested Funds

The Trustee will keep the funds of the Agency invested or on deposit in such manner as will produce reasonable interest returns in the opinion of the Trustee. All such investments must mature not later than the time the funds will be required.

Money in the Principal and Interest Fund and the Revenue Fund may be deposited or invested in accounts or federal securities which will mature on or before the date the money must be paid out of such funds. Any interest earnings will become a part of such funds.

Money in the Reserve Fund may be deposited or invested in accounts or federal securities maturing at any time prior to the last principal payment date. Interest earnings which bring the balance in the fund

to an amount in excess of maximum annual debt service will be transferred to the Revenue Fund.

During acquisition, construction and development of the Public Parking Facilities, interest earnings on any invested funds shall be transferred to the Acquisition and Construction Fund. Thereafter, such earnings will be treated in accordance with the Resolution.

Additional Bonds

The Resolution provides that no additional bonds having a priority in payment out of the pledged revenues may be issued. Additional bonds may be issued on a parity with the Series A and Series B Bonds under the following conditions:

1. The additional bonds must be issued to finance the Public Parking Facilities, an addition thereto, or completion thereof, refunding of certain outstanding Parking District Bonds, and must be declared by the Agency to be necessary for those purposes.

2. The Agency must not be in default under the Resolution providing for the issuance of the Bonds.

3. The proceeds from the sale of the additional bonds, together with any other money available for the purpose, must be applied solely for the costs of acquisition and construction, incidental expenses of bond issuance, refunding or retiring certain outstanding Parking District Bonds, interest during the period of acquisition and construction and the required transfer to the Reserve Fund as described in paragraph 5 below.

4. The Agency and the city must have entered into a new or supplemental Lease agreement which provides for sufficient annual base rental payments to meet bond service requirements of the outstanding Bonds and the additional bonds.

5. Provision must be made to increase the Reserve Fund to an amount equal to at least one-half the revised maximum annual bond service amount, and provision shall also be made to increase the Reserve Fund, following completion of the Public Parking Facilities, to an amount equal to revised maximum annual debt service from earnings on investment of the Reserve Fund.

6. The additional bonds must be payable as to principal on May 1 and as to interest on May 1 and November 1.

Insurance

The Resolution of issuance requires that the Agency maintain or cause to be maintained the following policies of insurance covering the Public Parking Facilities. The Lease and proposed sublease of the Public Parking Facilities to the Developer require that these policies of insurance be maintained by the city and the Developer.

1. Insurance Against Damages by Fire, Earthquake, Etc.—The Agency will maintain insurance upon any structures comprising any part of the Public Parking Facilities against damages by the following causes in the following amounts, if obtainable from reputable insurers on the open market.

a. *Against fire*—Insurance against fire, lightning and perils normally included under “extended coverage,” in amounts equal to the full replacement cost of the Public Parking Facilities, or the Agency’s outstanding Bonds together with any premiums payable upon redemption, whichever is less, subject to deductible provisions not exceeding 10% of replacement cost, and providing co-insurance provisions are waived.

b. *Against earthquakes* — Insurance against earthquakes, in amounts equal to the full replacement cost of the Public Parking Facilities, or the Agency’s outstanding Bonds, whichever is less, subject to deductibles of ten percent of such cost for any one loss.

c. *Against war risks*—Insurance against war risks in an amount not less than the value, new, of the Public Parking Facilities.

d. *Against damage by sprinkler systems, steam boilers, etc.*—Insurance against damage caused by sprinkler systems, steam boilers, pressure vessels and similar apparatus, if appropriate, in amounts to be determined by the Agency and approved by the Trustee.

2. Insurance Against Business (Rental) Interruption—The Agency will maintain, or cause to be maintained insurance against business (rental) interruption against all of the perils described above in an amount equal to at least one year’s base rental and estimated additional rental under the Lease.

3. Liability and Worker’s Compensation Insurance—The Agency will maintain public liability insurance of at least \$250,000 per person and \$1,000,000 per accident with respect to bodily injury or death and \$50,000 for property damage

(subject to a \$100,000 deductible, providing co-insurance provisions are waived), plus worker’s compensation insurance for all persons employed in connection with the Public Parking Facilities.

Other Covenants

The Resolution contains certain additional covenants, including but not limited to the following, under which the Agency agrees:

1. To punctually pay Bond principal and interest as they become due.

2. To pay, discharge, or contest any lawful claims and any taxes, assessments, or other governmental charges upon the Public Parking Facilities or the revenues which might impair the security of the Bonds.

3. To promptly acquire and clear the Agency Parcel and construct or cause to be constructed the Parking Project.

4. To enforce and abide by the Lease agreement.

5. Except as permitted by the Lease, not to mortgage, encumber, sell, lease, place a charge on or otherwise dispose of the Public Parking Facilities or the revenues therefrom, except under the provisions for substitute facilities, and not to enter into any agreement which impairs the rights of the Bondholders with respect to the revenues or operation without making adequate provision to protect the rights of Bondholders.

6. To keep proper books of record and accounts and to file with the Trustee annually, within 120 days after the end of each fiscal year, detailed certified audits covering the operation of the Agency, showing revenues, expenses, insurance in force, and the status of each fund.

7. To maintain or cause to be maintained the Public Parking Facilities.

8. In the event the city fails to budget for the rental payments as required under the Lease to take such action as is necessary to have the city budget and appropriate money for such payments and to advise the Trustee of the actions taken.

9. Not to make any use of the Bond proceeds which would cause the Bonds to be taxable arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code, as amended, and any regulations adopted thereunder.

Event of Default—Remedies

The Resolution declares each of the following events to be an event of default:

(1) Failure to pay the principal on the Bonds when due and payable;

(2) Failure to pay interest on the Bonds when due and payable, if such failure shall have continued for 30 days;

(3) Default by the Agency in the performance or observance of any of the covenants, agreements or conditions in the Bonds or in the Resolution if such default continues for sixty (60) days after written notice thereof has been given to the Agency by the Trustee or by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding; or

(4) If, under the provisions of any other law for the aid of debtors, any court of competent jurisdiction assumes, for a period of at least 60 days, custody or control of the Agency or of the whole or any substantial part of its property.

In the case of an event of default, the Trustee or the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding may declare the principal of all the Bonds then outstanding and the interest thereon to be due and payable immediately.

In addition, in the case of an event of default, any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated—

(1) By mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) By suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) Upon the happening of any event of default, by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

The Resolution provides that no remedy conferred therein upon the Trustee or the Bondholders shall be exclusive of any other remedy, and that each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or thereafter conferred upon the Trustee or Bondholders. However, the effect of any such remedies may be limited by the laws of the State of California affecting such remedies and may also be limited by laws governing bankruptcy, insolvency or other matters affecting enforcement of creditors' rights.

Amendment of the Resolution

The Resolution may be modified or amended by a Supplemental Resolution only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of disqualified Bonds, as defined in the Resolution) unless the modification or amendment is for the purpose of curing ambiguities or defects in the Resolution; grants or confers upon the Bondholders additional rights, remedies, powers, authority or security; or to provide for the issuance of additional bonds in conformity with the provisions of the Resolution, in which case no Bondholder's consent is required. No modification or amendment of the Resolution shall: (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the express consent of the holder of such Bond, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (3) modify any of the rights or obligations of the Trustee without its written consent.

ESTIMATED ANNUAL BOND SERVICE

Table 1 presents an estimate of annual debt service on the Series B Bonds and actual debt service on the Series A Bonds. Interest is estimated at 6.75 percent per annum, and maximum annual debt service on both issues would amount to approximately \$1,787,038. As stated previously, property taxes de-

rived from the city's presently unused general purpose taxing power (31½ cents per \$100 assessed valuation) would generate approximately \$2,152,000 per year if other revenue sources are not available to meet city rental payments to the Agency. Such property taxes are equal to about 1.20 times estimated maximum annual debt service on both series of Parking Lease Revenue Bonds (based on the 1977/78 city assessed valuation). However, no assurance can be given that such unused taxing power will remain available in the future if the city increases its taxes for other uses or if other events occur which reduce or eliminate such unused taxing capability (see caption "Potential for Further Property Tax Limitations").

Table 1
REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
\$11,200,000 Series A Parking Lease Revenue Bonds—Actual Annual Debt Service
\$11,100,000 Series B Parking Lease Revenue Bonds—Estimated Annual Debt Service

Year Ending May 1	Series B Bonds (Estimated)			Total Series B Bond Service	Actual Series A Bond Service	Total Combined Bond Service
	Bonds Outstanding ^①	Interest Estimated @ 6¾ %	Principal Maturing			
1979	\$11,100,000	\$ 749,250 ^②	—	\$ 749,250	\$ 640,647.50 ^②	\$ 1,389,897.50
1980	11,100,000	749,250 ^②	—	749,250	640,647.50 ^②	1,389,897.50
1981	11,100,000	749,250	165,000	914,250	790,647.50	1,704,897.50
1982	10,935,000	738,113	175,000	913,113	791,647.50	1,704,760.50
1983	10,760,000	726,300	190,000	916,300	792,367.50	1,708,667.50
1984	10,570,000	713,475	200,000	913,475	799,887.50	1,713,362.50
1985	10,370,000	699,975	215,000	914,975	801,562.50	1,716,537.50
1986	10,155,000	685,463	230,000	915,463	807,495.00	1,722,958.00
1987	9,925,000	669,937	240,000	909,937	812,415.00	1,722,352.00
1988	9,685,000	653,738	260,000	913,738	816,390.00	1,730,128.00
1989	9,425,000	636,187	275,000	911,187	824,390.00	1,735,577.00
1990	9,150,000	617,625	290,000	907,625	826,130.00	1,733,755.00
1991	8,860,000	598,050	310,000	908,050	831,830.00	1,739,880.00
1992	8,550,000	577,125	325,000	902,125	836,195.00	1,738,320.00
1993	8,225,000	555,187	350,000 ^③	905,187	844,185.00	1,749,372.00
1994	7,875,000	531,563	370,000 ^③	901,563	845,485.00	1,747,048.00
1995	7,505,000	506,588	390,000 ^③	896,588	855,325.00	1,751,913.00
1996	7,115,000	480,262	415,000 ^③	895,262	858,095.00	1,753,357.00
1997	6,700,000	452,250	445,000 ^③	897,250	864,025.00	1,761,275.00
1998	6,255,000	422,212	470,000 ^③	892,212	868,215.00	1,760,427.00
1999	5,785,000	390,488	500,000 ^③	890,488	875,190.00	1,765,678.00
2000	5,285,000	356,737	530,000 ^③	886,737	880,100.00	1,766,837.00
2001	4,755,000	320,963	565,000 ^③	885,963	882,400.00	1,768,363.00
2002	4,190,000	282,825	600,000 ^③	882,825	892,600.00	1,775,425.00
2003	3,590,000	242,325	635,000 ^③	877,325	895,100.00	1,772,425.00
2004	2,955,000	199,462	675,000 ^③	874,462	905,200.00	1,779,662.00
2005	2,280,000	153,900	715,000 ^③	868,900	912,300.00	1,781,200.00
2006	1,565,000	105,638	765,000 ^③	870,638	916,400.00	1,787,038.00
2007	800,000	54,000	800,000 ^③	854,000	927,500.00	1,781,500.00
Total ...		\$14,618,138	\$11,100,000	\$25,718,138	\$24,234,372.50	\$49,952,510.50

① Outstanding prior to payment of principal in each year indicated.

② Paid from Series A and Series B Bond proceeds, respectively.

③ Subject to call and redemption on and after May 1, 1992.

Note: Average life equals 19.51 years.

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

The Redevelopment Agency

In 1957 the Sunnyvale City Council took action that formally recognized the need for redevelopment of portions of the city. The Agency was created under the provisions of the Community Redevelopment Law by Resolution No. 2600, approved and adopted by the City Council on November 19, 1957, and at the same time the City Council declared itself to be the Agency. The Agency appoints an Executive Director to implement Agency policies and administer redevelopment activities.

City staff provides technical services connected with redevelopment projects, including fiscal services, engineering, planning, legal assistance and other functions necessary for project implementation. As such, staff employees assigned to Agency activities are employees of the City of Sunnyvale, and participate in all of the city's employee benefit programs.

The City Manager also acts as Executive Director of the Redevelopment Agency. Mr. Lee S. Ayres became City Manager and Executive Director of the Agency effective March 1, 1977. He has previously served as City Manager of the Cities of Overland Park, Kansas and Titusville, Florida. Mr. Ayres received his baccalaureate in Political Science from the University of Kansas, and a Masters degree in Public Administration from the same institution. He is a member of the International City Management Association and the Municipal Finance Officers Association.

Gordon R. Miller, Director of Redevelopment—Mr. Miller has been employed by the City of Sunnyvale in positions of successive responsibility since July of 1957, and has been in his present position since July of 1977. Immediately prior to appointment as Director of Redevelopment, Mr. Miller served as Director of Community Development of the city. Mr. Miller is primarily responsible for implementation of the Project. He is a member of the American Society of Civil Engineers, the American Public Works Administration, and the American

Society of Planning Officials. Mr. Miller received a degree in Civil Engineering in 1946.

Agency financial records are maintained in the city's Finance Department under the supervision of the Finance Director, Mr. E. O. Coli, who also acts as Treasurer of the Agency. Mr. Coli has served the city since 1965, and has gained a total of 12 years experience in the field of municipal auditing, accounting, budgeting and related activities with the City of Sunnyvale. He is a Certified Public Accountant, with a bachelor's degree in accounting from the University of San Francisco. He is a member of the California CPA Society, the California Society of Municipal Finance Officers, and the Municipal Finance Officers Association of the United States and Canada.

Powers

All powers of the Agency are vested in its seven members, who are the seven members of the City Council. Under the Community Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency has the authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain, the right to accept financial assistance from any source, and the power to issue bonds, notes or other evidences of indebtedness, and expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency may also clear buildings or other improvements, develop as a building site any real property owned or acquired by it, and in connection with such development, may provide for the installation of streets, utilities, sidewalks, and other necessary public improvements. With the exception of publicly owned structures and facilities benefitting the Project, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plan but must convey property in the Project by sale or lease at fair value, for private redevelopment in strict conformity with the Plan. The Agency may specify a period of time within which such development must begin.

Redevelopment Financing

The Community Redevelopment Law authorizes a method of financing redevelopment projects based upon a prescribed allocation of property taxes col-

lected within a project. This method is known as tax allocation bond financing. The assessed valuation of taxable property within the project is, in effect, frozen at the level set forth in the assessment rolls last equalized prior to the effective date of the ordinance adopting the redevelopment plan, and all overlapping taxing bodies continue to receive the taxes derived by the levy of the current tax rate against the assessed valuation of the project up to an amount equivalent to this frozen base. All property taxes collected each year after the adoption of the redevelopment plan upon any increase in assessed valuation above the established base level may be credited to a redevelopment agency and be pledged to the repayment of any indebtedness incurred in the development of the project. Such income is referred to as "tax increment revenue," and in tax allocation bond financing is defined as "Tax Revenue." The county in which a redevelopment project is located also distributes to the agency the incremental delinquent taxes in the same manner when they are collected. After all indebtedness of the agency for a given project has been repaid, the total taxes produced by the project thereafter accrue to the respective taxing bodies in the usual manner. Thus, the tax allocation procedure not only permits each taxing agency to levy and collect taxes on the level of assessed valuation existing in a project prior to redevelopment, but also provides that increases in assessed valuation occurring as a result of such redevelopment may be used as a basis for the repayment of costs or indebtedness incurred in behalf of the project. Tax allocation bond financing is not the type of indebtedness now being incurred by the Agency, nor are the Tax Revenues from the Project pledged to payment of the Series B Bonds described herein.

During the course of redevelopment, assessed valuations may temporarily be less than the frozen base, as a redevelopment agency acquires land and improvements and the properties are removed from the tax rolls by virtue of the transfer to public ownership, or as other land development activities result in a short-term reduction in assessed valuation. While assessed valuations are less than the frozen base, overlapping taxing entities receive only the taxes derived from the current tax rate applied against the actual assessed valuation. As an agency disposes of land to private ownership for purposes of redevelopment, it is returned to the tax rolls with an assessed valuation that usually reflects the higher level of planned use prescribed in the redevelopment

plan. In the event that privately-owned property is acquired and permanently removed from the tax rolls for public uses, the frozen base valuation may be reduced proportionately so that the ability to generate tax increment revenues from any new development will not be impaired. However, a recent court decision in California (*Redevelopment Agency of the City of San Bernardino v. County of San Bernardino*, 70 Cal.App.3d 631 (1977)) restricts such reduction in frozen base valuation when privately-owned property is acquired by a public agency pursuant to a redevelopment plan.

As previously stated, the Community Redevelopment Law authorizes the incurrence of indebtedness by a redevelopment agency, and the payment of debt service costs is permitted from any one or a combination of stated sources. The 1977 Bonds sold by the Agency on April 19, 1977 are secured by a pledge of Tax Revenues produced from the incremental assessed valuation of the Project, which are to be paid directly into the Agency's Special Fund established for the benefit of the bondholders, and held by the Fiscal Agent. These bonds are also secured by a pledge of all net proceeds received from the disposition of property within the Project (defined as the Net Revenues), and other available revenues of the Agency (which may include advances or contributions by the City of Sunnyvale).

An additional method of financing permitted under the Law is through the issuance of lease-revenue bonds by a redevelopment agency for the acquisition and construction of public facilities which will be leased to the local community. The Series A Parking Lease Revenue Bonds also sold on April 19, 1977, and the Series B Bonds now being offered represent the utilization of this method of financing redevelopment activities. Payment of the lease-rentals each year becomes a general fund obligation of the city, for which any unrestricted funds may be used, including the city's presently available and unused 31½ cent taxing power (which would generate about \$2,152,000 per year on the basis of current assessed valuations). The Agency's financing program is discussed in the Introduction to this official statement, and elsewhere herein.

Agency Financial Statements

The Redevelopment Agency of the City of Sunnyvale is a public entity separate and apart from the City of Sunnyvale, but is entirely staffed by employees of the city. All accounting records of the

Agency operations are maintained by the city's Finance Department separate from the city records. Agency financial records were first examined by independent certified public accountants for the year ended June 30, 1977. The report on the examination of the Agency records, prepared by Peat, Marwick, Mitchell & Co., together with the Agency financial statements, is reproduced in its entirety as Appendix I to this official statement (including letters of transmittal by the Executive Director and Treasurer of the Agency).

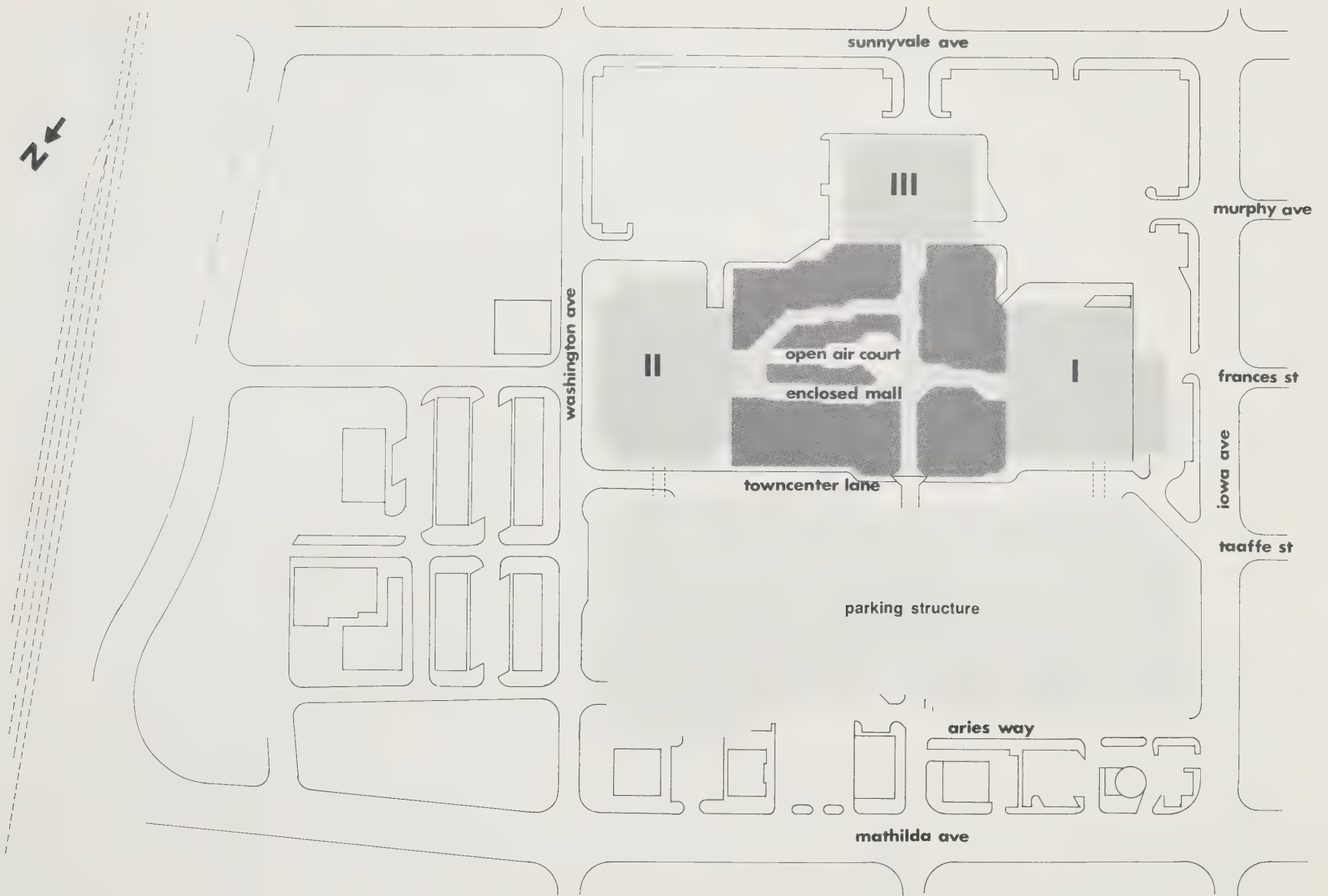
Previous Agency Project

In 1967 the Agency adopted a redevelopment plan for a 19.2 acre commercial redevelopment project. With the assistance of the Department of Housing and Urban Development ("HUD"), the Agency acquired and cleared property within the project area, and re-sold the entire site to a developer. A neighborhood shopping center was constructed

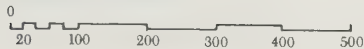
with six buildings containing a gross floor area of 94,000 square feet and housing 49 shops and services. Agency and federal involvement in this project has been completed for several years. Known as the Town and Country Village Shopping Center, this development is within the Sunnyvale Central Core Redevelopment Project described in this official statement. Total costs for this project approved by HUD (after deduction of the proceeds from the re-sale of land) amounted to \$4,403,041, of which \$2,812,704 were met from federal grants, and the balance of \$1,590,337 was provided by the City of Sunnyvale without the incurrence of any indebtedness. The previous project has no connection with the Project described in this official statement, and the above discussion is presented only as a matter of information to any interested party. However, a vacant parcel within the Town and Country Village Shopping Center may be utilized by one or more business establishments relocated from the Sunnyvale TownCenter site.

Stores and offices in the Town and Country Village Shopping Center which is within the Central Core Redevelopment Project. This center was developed under the city's first redevelopment project.





Site Plan



Sunnyvale TownCenter
Sunnyvale California

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Background

The Redevelopment Plan (the "Plan") for the Sunnyvale Central Core Redevelopment Project was adopted by the Agency and the City Council pursuant to its Ordinance No. 1796-75 on November 26, 1975. This Project, the second to be undertaken by the Agency, is located in the central area of the city adjacent to the civic center complex. Conditions in the Project area prior to adoption of the Plan met the statutory conditions for blight, with findings of high vacancy rates, long-term vacant commercially-zoned lots, older substandard commercial structures and general economic stagnation. Such findings are prerequisites, under the Law, to commencement of actual redevelopment activities.

Certain revisions to the Law have been enacted by the State Legislature and approved by the Governor which became effective for various provisions on October 1, 1976, January 1, 1977 and January 1, 1978. Since the Plan for the Project was adopted prior to the effective date of such statutory amendments, it is believed that the Plan and the proposed financing program will not be affected by, or subject to these amendments to the Law, except for certain provisions which have been or will be met in the normal course of the proceedings.

Project Description

The Project is an approximately rectangular area covering 183.6 acres bounded by the Southern Pacific railroad tracks north, Carroll Street on the east, El Camino Real-Old San Francisco Road on the south and Charles Street on the west. The Project area covers the original business district of the city and the surrounding housing, along with the expanded commercial area which has become the city's principal retail and administrative center.

Following is a brief description of the Project area, which has been divided into three sub-areas in terms of planned redevelopment activity and land uses.

Area 1. (40 acres \pm) This area, presently developed with older commercial and residential structures, except for a number of recently constructed financial institutions along Mathilda Avenue, is the primary clearance area. When the 8-block area is redeveloped, it will become the principal retail center for the city with construction of the Sunnyvale TownCenter shopping mall, as discussed in detail in subsequent paragraphs of this section of the official statement. Proceeds from the two issues of bonds previously issued (the Agency's 1977 Bonds and the Series A Parking Lease Revenue Bonds) are being utilized primarily to finance land acquisition, clearance, relocation and other necessary improvements to the site for the shopping mall and off-street parking facilities. Proceeds of the Series B Bonds now being offered will be used in part to meet additional acquisition and related costs, and to finance construction of the proposed parking structure. As stated previously, all occupants have vacated their premises; the Agency has taken possession of all parcels in the primary clearance area; demolition of all buildings has been completed; and site preparation and installation of public improvements are in progress.

Area 2. (12 acres \pm) This area, presently consisting of commercial, residential and light industrial properties, covers three blocks. It is planned to become an office area supporting the retail center with the possibility of some retail outlets. Acquisition and relocation activities will be required for the implementation of redevelopment in Area 2, but a firm program has not yet been adopted. It is expected that redevelopment of this area will follow construction of the TownCenter shopping mall, but may commence at an earlier date.

Area 3. (131 acres \pm) The remaining area within the Project, consisting primarily of single family residential dwellings with some apartment units and commercial property, will be redeveloped only on an individual parcel basis as needed. The overall objec-

tive in this area is to stabilize and protect existing properties while upgrading only those needing, and having potential for, improvement.

Controls and Land Use

All real property in the Project area is subject to the controls and restrictions of the Plan. All new construction must comply with all applicable State statutes and local laws in effect including the city zoning ordinances and city codes for building, electrical works, heating and ventilating, and housing and plumbing. In addition to the traditional zoning controls, there are supplementary controls in the letting of contracts and the imposition of deed restrictions and covenants which can assure that the redeveloper's obligations are met. Within Area 3, the non-clearance stabilization area, a great reliance will be placed on voluntary action in concert with the Plan. The city need not rely entirely on voluntary action, however, since the ability to enforce zoning, building and housing codes is always present.

The Project area redevelopment must comply with the General Plan for the city. The city has grown under a series of general plans, the first, adopted in 1957, the second adopted in 1963, and substantially amended in 1972, in order to reflect changes in policy made during the intervening years and to conform with the requirements of Section 65302 of the Government Code. Further minor amendments were adopted in 1973, 1974 and 1975. The Project as currently proposed is also wholly consistent with the current General Plan for the city and is, in fact, designed to bring the plan into reality.

As far as traffic circulation is concerned, the Plan retains the principal framework of existing streets with the main traffic arteries giving access to the Project area being El Camino Real, Mathilda Avenue, Evelyn Avenue and Sunnyvale Avenue, with Washington Avenue, Iowa Avenue and Olive Avenue serving as principal east-west collectors.

Within the primary clearance area (Area 1), all or part of Murphy Avenue, Frances and Taaffe Streets and McKinley Avenue are scheduled to be vacated and abandoned prior to delivery of the Series B Bonds. A portion of McKinley Avenue will be retained as entry points.

A key consideration in the detailed site design for the Project will be appropriate provision for convenient and efficient access and loading facilities for mass transit vehicles.

The basic land use patterns will follow current plans as shown in the General Plan and as reflected

in the Zoning Ordinance. There will be an increased intensity of development within this area over what now exists, and will be regulated within the city's zoning code.

Project Status

In August 1977 seventy-two direct condemnation actions were filed to acquire the seventy-two privately-owned parcels for which agreements to sell to the Agency had not been obtained. (An additional direct condemnation action was filed in connection with property used for street purposes). More than \$12.4 million was deposited by the Agency in the State Condemnation Deposits Fund as security for the Orders For Possession of the privately-owned parcels in the seventy-two actions. As indicated previously, the Agency took possession of all property pursuant to the Orders or other agreements. In addition, the Agency has relocated all owners and tenants, demolished all structures, and is now in the process of preparing the Developer Parcel for construction of the TownCenter and the Agency Parcel for construction of the Public Parking Facilities. As of the date of this official statement, the Agency has issued the necessary approvals for Macy's, the Mall and Mall shops, the Public Parking Facilities, and enlargement of the space for the Robinson's department store. The remaining design approvals to be made by the Agency are for exterior plans of Ward's and Robinson's stores.

A condemnee in a condemnation action may object to the condemnor's right to take the property. However, numerous parties have expressly stipulated to the Agency's right to take or expressly waived any objections, and objections have also been waived by operation of law. Pursuant to the Agency's request, the Court has scheduled a trial on right to take objections, if any, for March 30, 1978. At that time, the Agency will seek a determination as to any objections to the right to take, if any party attempts to raise such an objection. The Project action schedule set forth on page 25 assumes a timely and favorable resolution of this matter.

Of the parcels the subject of condemnation actions, the Agency has obtained and recorded grant deeds in connection with 16 parcels. Stipulations of the grantors for judgment have been executed and filed, and at the conclusion of further proceedings, stipulated judgments and Final Orders of Condemnation are to be entered. The further proceedings in these actions include default hearings regarding persons

who have not claimed compensation, and the resolution of at least one tenant's claim.

The principal remaining issue in the remainder of the condemnation actions is the amount of compensation for the interests of the parties with whom the Agency has not already settled. In addition to compensation for property taken by the Agency, some parties have asserted other claims for damages, including claims for lost rents and loss of goodwill. The court has established a special pretrial calendar to facilitate an expeditious conclusion of the actions.

Normally, unless a grant deed is obtained prior to the conclusion of the proceedings, title in the Agency could not be recorded until a Final Order of Condemnation (which is an order made after judgment has been entered and the compensation paid or deposited) had been obtained. The date upon which the last Final Order of Condemnation will have been entered and recorded is not known. This date is subject to, among other things, the Court's calendar, appeals by other parties, and other litigation factors which cannot be controlled by the Agency.

The Santa Clara County Auditor-Controller reports a 1977/78 increase in Project assessed valuations of \$1,439,165 for all property and \$1,615,035 for land and improvements only. Tax Revenues to be received during 1977/78 are reported to be in excess of \$140,000. However, as the Agency acquires and clears property within the primary clearance area (Area 1), it is expected that this increase will be

eliminated until such time as the Sunnyvale Town-Center is reflected on the tax rolls. A schedule of Project expenditures, compared with funds available from the 1977 Bonds, the Series A Bonds and other sources (excluding Series B Bond proceeds) is presented in the following tabulation.

The major single development scheduled for the Project area is the Sunnyvale TownCenter regional shopping center which is being developed by a limited partnership called Sunnyvale TownCenter Associates, which consists of Ernest W. Hahn, Inc. and STC Properties Corp. (a wholly owned subsidiary of R. H. Macy & Co., Inc.) as general partners, and R. H. Macy & Co., Inc. as a limited partner. Under the terms of the Disposition and Development Agreement between the Developer and the Agency dated June 23, 1976, as amended (see below), the Agency will convey to the Developer the portion of the site identified as the Developer Parcel, while the Developer agrees to build a regional shopping center of not less than 580,000 square feet, but is actually planned for approximately 834,073 square feet of gross building area (having approximately 703,481 square feet of gross leased area). The Agency is required to provide off-street parking facilities for approximately 3,314 vehicles primarily on the Agency Parcel. Although the existing amended D.D.A. (the First Implementation Agreement) provides for construction of a shopping center containing not less than 580,000 square feet, the Developer

Table 2

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

Project Expenditures—Actual (5/1/77 through 2/7/78) vs. Estimated

Use	Estimated	Actual or Allocated	Balance
Property acquisition and acquisition expenses	\$18,435,000	\$16,900,849 ^①	\$1,534,151
Relocation costs and related expenses	2,000,000	647,686	1,352,314
Demolition and clearance	300,000	44,876	255,124
Public improvements	1,000,000	318,057	681,943
Financing costs	322,000	233,737	88,263
Administration and miscellaneous	300,000	117,711	182,289
Project Expenditures	<u>\$22,357,000^②</u>	<u>\$18,262,916</u>	<u>\$4,094,084</u>

^① Includes funds currently on deposit (\$7,844,232 as of 2/7/78) with the Condemnation Deposits Fund held by the State of California.

^② This total reflects funds estimated at the date of sale of, and proceeds from the 1977 Bonds and Series A Parking Lease Revenue Bonds, including application of interest earnings, Developer land payment to be made and miscellaneous income: Excludes capitalization of interest, Reserve Funds and bond discount.

Source: Financial records of the Treasurer of the Agency.

agreed to use its best efforts to attract a third major department store, which would increase the gross leasable area to approximately 703,481 square feet. Should the Robinson's store actually locate in the TownCenter, it is expected that the square footage would increase to 740,481. A Second Implementation Agreement has been negotiated to provide for a two phase conveyance of title to property to the Developer. In the first phase ("Phase I Close of Escrow"), the Agency will convey to the Developer, Ward's and Macy's title to all of the Developer Parcel on which the TownCenter will be built, and the balance of the Developer Parcel except for portions of two tracts on which only surface parking spaces will be constructed. At the time of Phase I Close of Escrow, scheduled for June 1, 1978, the Agency is scheduled to have recorded fee title to all of the property located in the Agency Parcel. At the second phase ("Phase II Close of Escrow"), the Agency will convey to the Developer title to all of the remainder of the Developer Parcel not previously conveyed. Phase II Close of Escrow is scheduled for as early as August 1, 1978 but in no event later than December 31, 1978.

The Sunnyvale TownCenter will be a fully enclosed air conditioned mall located on a gross site area of approximately 34.5 acres bounded by Washington Street, Sunnyvale Avenue, Iowa Street and Mathilda Avenue. The complex will consist of not more than three major department stores (Macy's, Ward's and Robinson's, if obtainable) of two levels each, a two level enclosed tenant mall with approximately 100 specialty stores, an attached 9,500 square-foot single-story Ward's auto service center, a free-standing financial institution, and associated parking (including the Public Parking Facilities). As of the date of this official statement, the R.E.A. has been approved and executed by the Developer, Macy's, Ward's and the Agency, and will be placed in escrow prior to delivery of the Series B Bonds, as discussed in the "Introduction" hereto.

The Public Parking Facilities will consist of a two-level (including ground level) parking structure containing approximately 2,200 spaces, together with surface parking on the Developer Parcel having a combined capacity of about 3,314 vehicles.

Gross building area and commercial space within the center, as presently planned, is summarized in the following tabulation (excluding parking). When originally approved the TownCenter was to contain 807,046 square feet of gross building area and 674,291 square feet of gross leased area. As indi-

cated below, the respective square footages have increased to 834,073 and 703,481, exclusive of the increase requested by Robinson's, the third major department store.

SUNNYVALE TOWNCENTER

Building and Leased Areas

	Gross Building Area (Sq. Ft.)	Gross Leased Area (Sq. Ft.)
Department Stores:		
Ward's ^①	153,068	152,621
Macy's	177,816	177,816
Major (Robinson's) ^②	100,000	95,000
Tenant Area in Mall	296,603	269,494
Financial Institution	9,000	8,550
Public Area	97,583	—
Totals	834,073	703,481

① Includes attached tire, battery and accessory store.

② If approved by Robinson's, the gross building area would increase to 137,000 square feet, and gross leasable area to 132,000 square feet.

In order to develop estimates of the assessed valuation of the Sunnyvale TownCenter development upon completion and occupancy, both the Agency and the Developer in 1977 retained qualified independent consultants to review the proposed development with the Santa Clara County Assessor to prepare estimates of assessed valuations at full development and occupancy. On the basis of 1977 cost estimates, the consultant retained by the Agency has estimated the gross appraisal of Sunnyvale TownCenter when completed and occupied by an assumed three major department stores and approximately 100 specialty stores and other operations in the mall area to be \$60 million. Although the square footages of the TownCenter have increased since the 1977 appraisal, and a subsequent increase is expected if Robinson's locates in the TownCenter, a new appraisal has not been prepared for purposes of this official statement. It has been assumed that such values will be based on cost, and that after such a period of time (approximately three to five years), the appraisal would be converted to a capitalization of rental values. On the cost basis of \$60 million, the assessed valuation (at 25% of full value) would amount to almost \$15 million, as itemized in the tabulation below. The appraisal consultant has as-

sumed that land valuation of the Developer Parcel will, at the outset, equal no more than 25 percent of the \$5,500,000 sale price (\$1,375,000), and that structures and leasehold or tenant improvements will amount to approximately \$12.17 per square foot of gross building area (assessed valuation). Business inventories and similar property are estimated at a total of \$14,000,000, or \$3,500,000 assessed valuation. The appraisal has been prepared in conjunction with consultation with the County Assessor, and is believed to represent values to be assigned to the Sunnyvale TownCenter upon full completion, but are prior to enlargement of the development.

SUNNYVALE TOWNCENTER

Estimated Assessed Valuation (1980/81)^①

Land (25% of sale price)	\$ 1,375,000
Improvements	9,824,000
Inventories	3,500,000
	<u>\$14,699,000</u>

① Prior to increase in size of TownCenter discussed in preceding paragraphs.

Other major projects presently announced in the Project area are a two-story bank and administrative office building of Bank of America N.T. & S.A., now under construction on a bank-owned site, a branch office of Wells Fargo Bank, N.A., and three commercial buildings with an aggregate building permit value of \$990,000. The Bank of America building will contain 37,000 square feet of floor area and will serve as regional headquarters and banking office. This development is expected to be completed by June of 1978. Estimated cost of this development is \$2 million (excluding land, furnishings and fixtures), which would result in an assessed valuation of at least \$500,000 by the 1979/80 fiscal year. The three commercial buildings and Wells Fargo Bank office are also expected to be reflected on the 1979/80 tax rolls with an assessed valuation of \$353,750. Additional development within the Project is in planning or review but is not reflected herein since construction has not yet started, nor have building permits been issued.

Other major developments constructed within the Project area since March 1, 1975 (the lien date for assessment of property which may represent an increase over the base year valuation) are as summarized in the following tabulation:

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Development Since March 1, 1975

Development	Estimated Construction Value
American Savings & Loan (bank/offices)	\$300,000
Armanini Building (restaurant/store) ..	48,380
Brentwood Savings & Loan (bank)	119,500
California First Bank (bank)	183,250
Total	<u>\$651,130</u>

Source: City Building Division of the Community Development Department.

When the Series A Bonds and the 1977 Bonds were offered for sale, the base year assessed valuation of the Project (1975/76) was reported by the Santa Clara County Assessor at \$9,570,230. Subsequently, the County Assessor revised such base year assessed valuation to \$9,931,920. The estimated incremental assessed valuation of the Project, based upon the revised County Assessor's report and the independent consultant's original appraisal, is presented in the following tabulation. The tabulation also includes the estimated valuation of the construction in progress for which building permits have been issued, but does not reflect enlargement of the Sunnyvale TownCenter discussed above.

SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT

Estimated Incremental Assessed Valuation

Frozen base assessed valuation	
(1975/76-revised)	\$ 9,931,920 ①
Sunnyvale Towncenter (at completion)	14,699,000 ②
Other construction in progress	853,750 ②
Subtotal	<u>\$25,484,670</u>
Less: Assessed valuation of acquired property	(2,211,340) ③
Base-year assessed valuation ..	<u>(9,931,920)</u>
Estimated Incremental Assessed Valuation (1980/81)	<u>\$13,341,410</u>

① As reported by the Santa Clara County Department of Finance.

② As previously discussed.

③ Agency estimate, based upon parcel-by-parcel review of the County Assessor's records.



Several financial institutions have been constructed within the Central Core Redevelopment Project, including the three shown here.



On the basis of the estimated assessed valuation of the Sunnyvale TownCenter and other current development within the Project, it appears that the incremental assessed valuation reflected on the 1980/81 tax rolls will amount to approximately \$13,341,000 for all property and \$9,841,000 for land and improvements only. At an assumed maximum tax rate of \$10.50 per \$100 assessed valuation applicable to all property, and \$2.50 applicable to land and improvements, it is estimated that the Project will be capable of generating \$1,646,000 of Tax Revenues per year. Such Tax Revenues are pledged to payment of the 1977 Bonds, and after meeting annual interest and sinking account deposits on such Bonds may be used to offset city rent payments under the Series A and Series B Bonds. However, Tax Revenues are not pledged to payment of either the Series A or Series B Bonds. The city's obligation under the Lease is a general fund obligation, for which it covenants to budget and appropriate sufficient funds each year.

Project Action Schedule

As previously stated, the Agency has taken possession of all property required for development of the Sunnyvale TownCenter and related facilities, has relocated all occupants, demolished all existing structures, and is in the process of preparing the site for the proposed development. In addition to sale and delivery of the Series B Bonds, the remaining Agency actions to be taken or completed include: (1) complete site preparation (including soil re-compaction), (2) complete public improvements (excluding Parking Project); (3) receive bids and award construction contract for Parking Project; and (4) obtain final orders of condemnation in pending eminent domain actions, and convey title of Developer Parcel to Sunnyvale TownCenter Associates, as Developer, and receive proceeds from sale of such property. An estimated schedule of all major Agency actions, together with those of the Developer are shown below. Actions that may pertain to construction of the Robinson's department store are not known at present and are therefore not indicated in the schedule.

- 4/11/78—Sale of Series B Parking Lease Revenue Bonds
- 4/19/78—Receive bids for construction of Parking Project
- 4/25/78—Award construction contract for Parking Project

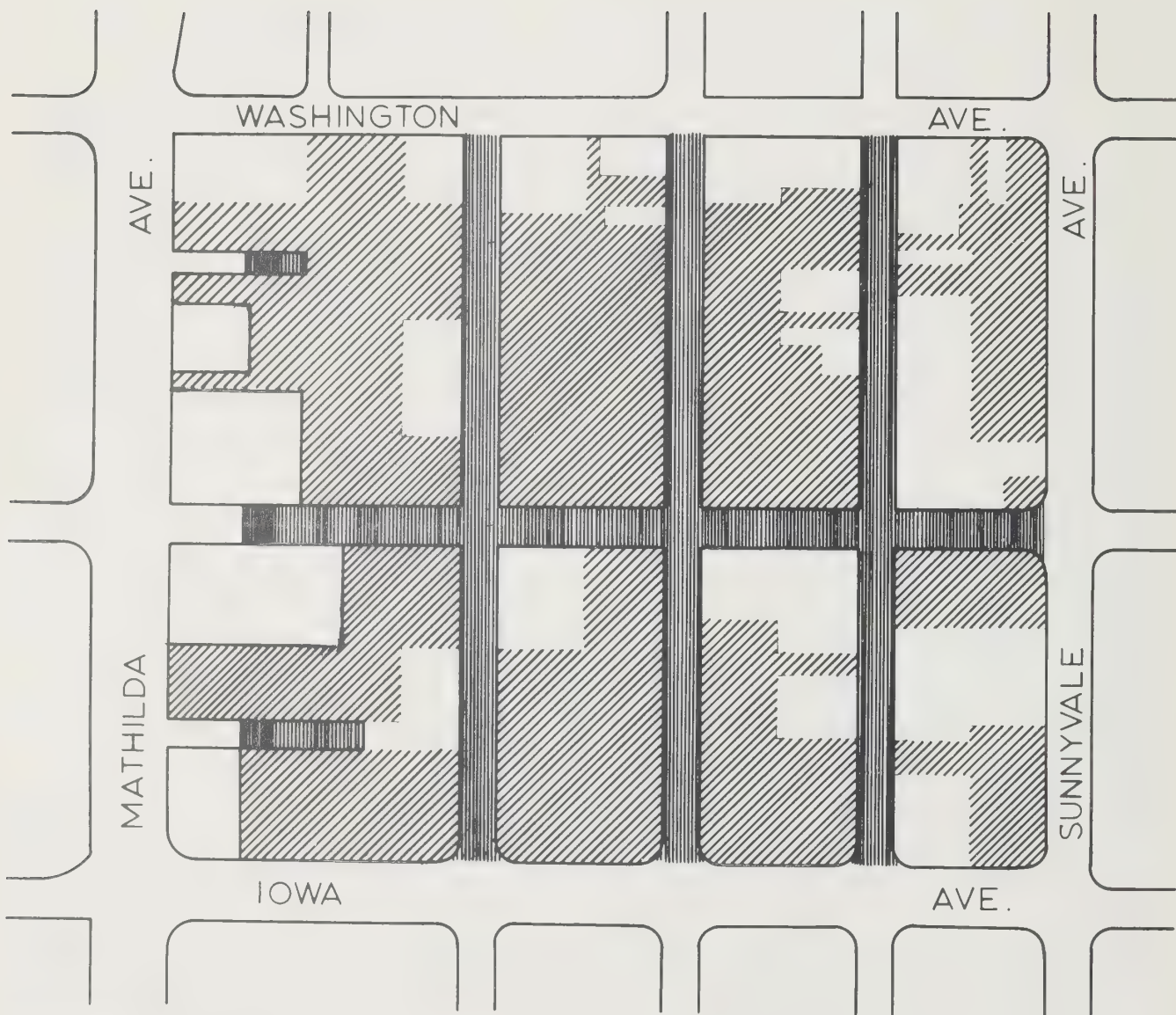
- 5/ 3/78—Deliver Series B Bonds, give Notice to Proceed with construction of Parking Project
- 6/ 1/78—Complete site preparation and construction of on-site public improvements (excluding Parking Project)
- 6/ 1/78—Transfer Phase I portion of Parcel to Developer
- 6/ 1/78—Developer commences construction (mall shops)
- 6/ 1/78—Macy's commences construction
- 8/ 1/78—Transfer Phase II portion of Developer Parcel to Developer
- 9/15/78—Ward's commences construction
- 4/ 1/79—Complete construction of off-site public improvements
- 6/ 1/79—Construction of Parking Project completed
- 10/ 1/79—Construction of Sunnyvale TownCenter completed

Although there is no assurance that the foregoing schedule will be met, the various actions and dates represent the mutual objectives and estimates of both the Developer and the Agency.

Disposition and Development Agreement

Under terms of the Disposition and Development Agreement with the Developer, the Agency is committed to convey cleared land suitable for building construction on the shopping center site (the Developer Parcel) and certain peripheral parcels, in addition to making a number of site improvements. Major modifications in existing utility systems, including water mains, sanitary and storm sewers, telephone and electrical lines and conduits, are being made to assure proper service to the shopping center. All electrical utility lines on the shopping center site are being installed underground.

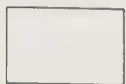
Traffic and street systems will also be improved to assure adequate flow of vehicular traffic to and from the shopping center. The traffic control system will be improved to accommodate the increased traffic volume resulting from the shopping center development. In addition, the major streets directly serving the site will be further improved to enhance their appearance and traffic capacity.



OWNED BY CITY



EASEMENTS AND
RIGHTS OF WAY TO
BE VACATED



TO BE ACQUIRED

STATUS OF PROPERTY ACQUISITION PRIMARY CLEARANCE AREA

The Agency has agreed to assemble a site of approximately 34.5 acres for the shopping center. The status of recorded title is shown on the map on page 26. The total site is composed of 99 parcels in private and public ownership and certain interior street systems and minor easements. At the present time, together the Agency and the city have record title to 43 parcels, which in combination with the abutting land used for public rights of way and easements, comprise more than 70 percent of the total acreage to be assembled. As previously stated, all occupants have vacated their premises, and the Agency has taken possession of all parcels in the primary clearance area.

The Agency has employed Port and Flor, Incorporated, Los Angeles, to provide relocation assistance, and Dougherty-Castellanos Associates, Santa Clara, for property acquisition services. Property acquisition proceedings and relocation activities within the primary clearance area have been discussed in a previous section.

At such time as the Agency has acquired recordable title to those parcels comprising the TownCenter Parcel and the Agency Parcel, the Agency will convey the TownCenter Parcel to the Developer, Macy's and Wards. The D.D.A., as amended, requires the Developer to commence construction within 30 days after the conveyance, although it is presently anticipated that construction may commence as early as two weeks before the conveyance. The R.E.A. requires the Developer to complete its construction on or before 30 days prior to the opening of the first major department store; and requires Macy's and Wards to open no later than September 17, 1979, and to use their best efforts to open no later than August 1, 1979, provided that the Agency and Developer substantially complete their respective construction on or before July 1, 1979. The R.E.A. further provides that the major department stores shall not be required to open between October 15 and February 15 of any year. It is presently anticipated that the Sunnyvale TownCenter will be completed by October 1, 1979 (with the possible exception of the third major department store).

Pursuant to the Second Implementation Agreement to the D.D.A., the Developer has agreed to pay \$5.5 million for the Developer Parcel, when and as delivered to the Developer by the Agency. Of this amount, \$2 million will be deposited into the Acquisition and Construction Fund (as previously discussed) and the balance will be treated as pledged

revenues for the 1977 Bonds and will be applied to redemption of an equivalent principal amount of such bonds if received by March 31, 1980 (the last date on which notice of such redemption may be given).

In addition to the mall building itself, the Developer will design and submit a bid for construction of the Parking Project to serve the shopping center. The Parking Project will be financed through the issuance of the Series B Parking Lease Revenue Bonds now being offered by the Agency. The Developer has agreed to construct the Parking Project at a price not to exceed \$6,323,525 if construction is initiated by January 1, 1979. Thereafter, the construction cost may be adjusted by the Developer in accordance with monthly changes in the construction cost index published in the *Engineering News Record*. Competitive bids for construction of the parking structure must be obtained by the Agency, and any bid lower than the Developer's guaranteed price will result in award of the contract to such bidder. The Agency has agreed to pay the Developer \$200,000 for design work in connection with the Parking Project.

The Series B Bond Project

Net proceeds to be received from the sale of the Series B Parking Lease Revenue Bonds will be used primarily to assemble and clear additional property comprising the Agency Parcel, and to finance the cost of the Parking Project. Uses of net proceeds are presented in the following tabulation, based on current Agency estimates and the agreed construction cost of the Parking Project (including design costs).

SERIES B BONDS

Application of Net Proceeds

Estimated costs and expenses related to	
property acquisition	\$2,506,205
Construction and design costs	6,523,525
Net Proceeds	<u>\$9,029,730</u>

At present, the Agency has no plans to incur any additional indebtedness on behalf of the Project. However, at such time as redevelopment of the three

block area previously identified as Area 2 is initiated, the Agency may incur additional indebtedness in an indeterminate amount to finance the costs, if any, for property acquisition, relocation, clearance, public facilities, reserves and issuance expenses. In addition, the Agency will, if requested by the Developer, retire or refund and defease certain outstanding Parking District Bonds from the proceeds of an issue of bonds, which may be a subsequent series of Parking Lease Revenue Bonds. If subsequently authorized and issued, the principal amount of such bonds is not expected to exceed \$2,500,000.

Environmental Considerations

The Sunnyvale Central Core Redevelopment Project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.), and as such an Environmental Impact Report on the Redevelopment Project was prepared, a hearing was held in the City of Sunnyvale, and the final report was filed with the California Secretary of Resources on September 12, 1975 and certified by the City Council on November 18, 1975.

Although not legally required, a Supplement to the Environmental Impact Report has been prepared concerning the actions taken by the Agency in 1976. A Negative Declaration was filed with the State Secretary of Resources on December 17, 1976.

The Developer

As previously stated, the Developer consists of a partnership of Ernest W. Hahn, Inc., STC Properties Corp., and R. H. Macy & Co., Inc. The partnership, identified as Sunnyvale TownCenter Associates, is composed of a group that is well recognized as successful developers and operators of regional shopping centers, and as highly successful operators of retail department stores, respectively. The Hahn organization is one of the largest developers of regional shopping centers in the country, and is also a major contractor for the construction of such properties and other developments. Ernest W. Hahn, Inc. stated in its report for the fiscal year ended February 28, 1977, that it holds an equity interest in 19 operating regional shopping centers which it also manages. Another six regional and specialty shopping centers are under construction, and 25 others were then in various planning stages. For the above-mentioned fiscal year, the firm reports "net cash from operations" of \$9,416,000, and net assets (stockholders' equity) of \$118,942,000, as restated

(copies of the most recent annual report may be obtained from Ernest W. Hahn, Inc., 200 Continental Boulevard, El Segundo, California 90245—identified on the envelope and enclosed request as: "Request for Information Pertaining to Sunnyvale Central Core Redevelopment Project").

Ernest W. Hahn, Inc. has had extensive experience in the development and operation of major shopping centers in redevelopment projects in the State of California. These projects include: Fox Hills Mall, Culver City—a regional shopping center containing 927,000 square feet of gross leasable space which was opened in October of 1975; the Santa Maria TownCenter, Santa Maria—a two department store regional shopping center containing 442,000 square feet of leasable space, (the fully completed center was opened for business on July 1, 1976); the Hawthorne Plaza, Hawthorne—an 840,000 square-foot shopping center with three major department stores that opened on February 21, 1977, on schedule. In addition, the Hahn organization has entered into Disposition and Development Agreements or exclusive negotiating agreements for the construction of regional or sub-regional shopping centers in the cities of Pasadena, Redlands, Burbank, Fairfield, Long Beach, San Diego, Santa Monica and Santa Rosa, California (five of which are in redevelopment projects).

Ernest W. Hahn, Inc. received an award as "Outstanding Developer of the Year" in 1976, on the basis of a poll taken by *Shopping Center World* of department and chain stores. Specific determinants for the award included the demonstrated ability of the Hahn organization to complete new shopping centers on schedule and to live up to other commitments to prospective tenants.

R. H. Macy & Co., Inc. is one of the nation's major corporations and most important retailers. This firm operates 75 stores under the Macy name in 10 states, and also operates other retail outlets (based on the annual report of R. H. Macy & Co., Inc. for the fiscal year ending July 31, 1977).

The Hahn and Macy organizations have been involved to a great extent in shopping center development, particularly in redevelopment project areas with respect to Ernest W. Hahn, Inc., and it is anticipated that the Project described in this official statement will be developed in a timely manner, and in accordance with the provisions of the Disposition and Development Agreement, as subsequently amended.

CITY ORGANIZATION, OPERATION, AND FINANCIAL DATA

The Series B Bonds are secured by revenues primarily consisting of lease payments from the City of Sunnyvale as lessee of the Public Parking Facilities. Therefore, financial data pertaining to the City of Sunnyvale is presented in this section.

The City of Sunnyvale was incorporated as a general law city on December 24, 1912. On May 10, 1949 a freeholders charter was adopted which provided for the council-manager form of government. The city is governed by a seven-member City Council whose members are elected at large for four-year overlapping terms. The mayor is selected by the council from its members. Citizen boards and commissions required by the city charter include the Library Board, Parks and Recreation Commission, Planning Commission and Personnel Board. Other boards and committees are the Board of Building Code Appeals and the Central Business District Parking Advisory Committee.

Sunnyvale employs the council-manager form of government. A City Manager appointed by the Council is responsible for implementing the policies of the Council. As previously discussed, Mr. Lee S. Ayres has served as City Manager and Executive Director of the Agency since March 1, 1977. The city has over 500 full-time employees.

Assessed Valuations

The city's assessed valuation is established by the Santa Clara County Assessor's office, except that the assessed valuation of utility property is established by the State Board of Equalization. The 1977/78 Santa Clara County assessed valuations average approximately 21.9 percent of full value, according to the State Board. The valuation of utility property was established at 25 percent of full value. Assessment ratios for 1976/77, the previous fiscal year, were 26.5 percent and 25 percent for locally and state assessed property, respectively.

Under the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes became effective for the first time in the 1969/70 fiscal year. One of these currently exempts 50 percent of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for

CITY OF SUNNYVALE

Assessed Valuations

Assessment Roll	Net Assessed Valuation	Business Inventories and Homeowners' Exemptions	Assessed Valuation for Revenue Purposes
For 1977/78:			
Local Secured	\$479,186,432	\$38,361,274	\$517,547,706
Utility	18,688,280	—	18,688,280
Unsecured	116,149,326	30,814,504	146,963,830
Total	\$614,024,038	\$69,175,778	\$683,199,816
For Prior Years:			
1976/77	\$515,215,959	\$62,603,237	\$577,819,196
1975/76	455,124,351	60,637,866	515,762,217
1974/75	393,516,142	55,048,924	448,565,066
1973/74	351,743,698	44,238,725	395,982,423
1972/73	350,093,540	19,745,220	369,838,760
1971/72	324,923,420	18,290,790	343,214,210

Source: Santa Clara County Department of Finance.

the exemption. The revenue estimated to be lost to each taxing entity as a result of these exemptions is reimbursed in full to the taxing entity from state funds, without any deduction for delinquencies. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions. The preceding tabulation summarizes the city's 1977/78 assessed valuation by tax roll and presents total values for each of the previous six years, as reported by the County Director of Finance.

Tax Rates

The city charter sets a tax rate limit of \$1.00 per \$100 taxable assessed valuation for general government purposes. This limit may be exceeded for a specified period of time if approved by two-thirds of the electorate. At present, the general purpose tax rate is 68½ cents per \$100 assessed valuation. A special levy, not to exceed the aggregate amount of \$0.35 per \$100 taxable assessed valuation, is permitted by the city charter for the following specific purposes: parks, recreation, city planning, libraries, advertising, and emergency care and relief of needy persons. All special levies not authorized by the electorate are subject to limitations contained in legislation adopted by the State legislature.

Property taxes for general obligation bond service may be levied without limit as to rate or amount. Provision is also made in the charter for other permissive levies to meet the costs of judgments against the city and obligations of the city to the California Public Employees' Retirement System.

Over the past decade, the city's total tax rate per \$100 taxable assessed valuation has ranged from a

high of \$1.370 in 1961/62 to a low of \$1.05 in 1977/78 (including a \$0.685 levy for general fund purposes).

There are 82 tax code areas in the city. In the current tax year, the tax rate for all property in these code areas ranges from \$8.756 to \$11.247 per \$100 assessed valuation. The tabulation below shows a breakdown of the 1977/78 tax rate applicable to the city's largest tax code area, 9-043, which has a taxable assessed valuation of \$150,600,206, or over 22 percent of the city's total taxable assessed valuation.

CITY OF SUNNYVALE

Tax Code Area 9-043

Representative 1977/78 Tax Rate

Entity or Purpose	Tax Rate
County of Santa Clara	\$2.218
City of Sunnyvale	1.050
Education	5.685
Mid-Peninsula Regional Park District .....	.100
Santa Clara Valley Water .....	.141
El Camino Hospital District .....	.287
Bay Area Air Pollution Control District ...	.015
Rate, All Property	\$9.496
Land and Improvements only:	
Santa Clara Valley Water D Fund .....	.070
Santa Clara Valley Water D Zone W-4 .	.018
Flood Control—N. Central Bond .....	.044

Source: County Director of Finance.

Sunnyvale City Hall.



Tax Collections and Delinquencies

Santa Clara County collects the city's property taxes in two installments which are due each November 1 and March 1. Unpaid installments become delinquent on December 10 and April 10 respec-

tively. As shown in the following summary, the relatively low ratios of tax delinquencies, averaging only .75 percent over the most recent six-year period, have resulted in nearly complete collection of the city's tax levy from the current year's collections.

City Assessed Valuations, Tax Rates, Levies and Delinquencies^①

Fiscal Year	Assessed Valuation ^②	General City Tax Rate	General City Tax Levy ^③	Amount Delinquent June 30	Percent Delinquent June 30	Total Collections June 30 ^④	Total Percent Collected
1971/72	\$324,923,420	\$1.31	\$4,226,946	\$31,084	0.73%	\$4,277,575	100.25%
1972/73	350,093,540	1.31	4,570,907	48,072	1.05	4,559,973	99.76
1973/74	351,743,698	1.31	4,613,945	30,771	.67	4,636,931	100.50
1974/75	393,516,142	1.31	5,222,762	46,530	.89	5,206,356	99.69
1975/76	455,124,351	1.18	5,547,206	41,747	.75	5,530,139	99.69
1976/77	\$515,215,959	1.14	5,908,285	25,368	.43	5,920,292	100.20

① Based on 1971/72-1976/77 City Annual Financial Reports.

② Net taxable assessed valuation.

③ Excludes state-reimbursed exemptions.

④ Includes redemptions for prior years.

Largest Taxpayers

The city's largest taxpayers, with the amount of secured taxes payable to all taxing entities during the current tax year, are listed below.

CITY OF SUNNYVALE

Largest Taxpayers—1977/78

Firm	Business	1977/78	
		Assessed Value ^①	Total Secured Taxes
Lockheed Missiles and Space Co. Inc.	Missiles, Research and Development	\$31,139,659	\$2,930,481
The Pacific Telephone & Telegraph Co.	Utility	13,105,660	1,474,018
Prudential Insurance Co. of America	Real Estate Developer	11,086,879	1,113,572
Signetics Corporation	Electronics Manufacturer	8,586,336	831,812
Westinghouse Electric Corp.	Marine Products	4,962,390	474,406
Pacific Gas and Electric Co.	Utility	4,828,200	466,487
California Cannery and Growers	Food Packing	4,283,230	408,441
Libby McNeil & Libby	Food Packing	4,135,601	394,439
Hewlett-Packard Co.	Electronics Manufacturer	2,478,046	236,244
U.S.I.F. International Science Corp.	Research and Development	1,168,495	112,210
Stewart-Warner Microcircuits Inc.	Electronics Manufacturer	692,715	66,795
Southern Pacific Transportation Co.	Transportation	520,740	60,799
Western Electric Co. Inc.	Communications Equipment	308,850	73,829
National Semiconductor	Electronics Manufacturer	204,000	19,590

① Includes Land, Improvement & Personal Property.

Source: Santa Clara County Department of Finance.

Revenues, Expenditures and Fund Balances

The city uses the accrual basis of accounting for all enterprise and intragovernmental service funds. The modified accrual basis of accounting is utilized for the General Fund, special revenue funds, and Parking District Fund. A planning, programming, budgeting system ("PPBS") was adopted and put into effect by the city as of July 1, 1968. PPBS is designed to relate effort to impact in a way that assists policy development. Each program in the Resource Allocation Plan (Budget), for example, shows actual costs for four previous years, the proposed cost for the coming year, and the projected cost for the next seven years. Each program also has an over-all objective, quality goal (effectiveness measures), production work (work program), production units, unit costs and total costs. Graphs depict productivity and cost trends over 12 years.

A summary of city revenues and expenditures (excluding intra-governmental and special assessment funds) for the most recent five-year period and budgeted revenues and expenditures for 1977/78 are presented on page 33. A consolidated statement of fund balances for all city funds as of June 30, 1977 is shown below. Additional information pertaining to historical and budgeted financial data is on file with the City of Sunnyvale, and copies of the Annual Financial Reports and 1977/78 Resource Allocation Plan (Budget) may be requested by any interested party.

Unappropriated cash balances for all city operating funds subject to PPBS procedures at June 30, 1977 totaled \$3,291,571, compared with \$1,843,126 at June 30, 1976.

Pension Plan

All regular city employees are enrolled in the State of California Public Employees' Retirement System. Public safety employees are under the 2%—age 50 plan, while miscellaneous employees are under the 2%—age 60 plan. The city makes a bi-weekly payment to the state covering its current and prior service costs. During the 1976/77 fiscal year, the city contributed \$1,470,504 to the state plan.

The state has an unrecorded liability for miscellaneous employees' prior service, the cost being presently liquidated at the annual rate of 4% of members' salaries, with full liquidation on June 30, 2000. For public safety employees, the unrecorded prior service liability has been liquidated. The excess, if any, of the actuarially computed value of vested benefits over the pension fund total and accruals is not available.

California Public Employees Retirement System (PERS)

The State of California Public Employees' Retirement System was originally established in 1931. The System is governed by an eleven member Board of

CITY OF SUNNYVALE

Statement of Fund Balances

Year Ended June 30, 1977

Name of Fund	Balances As of June 30	Amount Committed	Amount Unappropriated
General Fund	\$10,507,562	\$ 9,496,202	\$1,011,360
Parking District Fund	1,211,278	660,602	550,676
Special Revenue Funds	2,289,219	2,244,894	44,325
Enterprise Funds	24,033,940	22,348,730	1,685,210
Totals	\$38,041,999	\$34,750,428	\$3,291,571
Intra-Governmental Service Funds	2,401,961	1,886,430	515,531
Special Assessment District Funds	54,774	54,774	—

Source: City Annual Financial Report for the 1976/77 fiscal year.

Administration. Administrative functions are carried out under the direction of an Executive Officer with a current staff of approximately 475. As of June 30, 1976, there were 543,436 members of which approximately 9% are classified as "safety" members (principally fire and police duties) and the balance

are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are local government personnel. As of June 30, 1976, the System provided

CITY OF SUNNYVALE

Summary of Revenues and Expenditures

All Funds (Excluding Intra-governmental and Special Assessment Funds)

	1972/73	1973/74	1974/75	1975/76	1976/77	Estimated 1977/78
Revenues						
Property taxes	\$ 4,978,980	\$ 5,069,709	\$ 5,620,002	\$ 5,983,265	\$ 6,407,513	\$ 6,677,002
Sales taxes	2,332,302	2,962,657	3,346,666	3,841,758	4,378,097	4,348,068
Utility users tax	258,474	292,338	391,074	780,804	1,052,695	1,050,843
Other taxes	450,419	508,000	448,609	867,202	1,274,832	1,096,284
Licenses and permits ..	197,030	238,441	201,944	235,773	357,233	333,600
Intergovernmental—						
Federal	1,204,092	1,270,551	1,258,520	4,490,365	8,617,517	5,990,000
Intergovernmental—						
State	2,565,766	3,103,144	3,327,300	3,995,792	4,424,620	4,615,000
Intergovernmental—						
Other	251,622	207,077	158,879	53,445	229,721	117,430
Charges for services ..	7,292,155	8,235,204	9,308,653	11,029,469	10,566,521	11,671,792
Fines and forfeitures ..	259,276	221,161	215,162	200,715	199,140	208,105
Other revenues	1,040,669	934,323	1,073,055	1,108,141	1,199,734	1,139,743
Cash balances on hand	①	①	①	①	①	10,346,451
Total revenues② .	\$20,830,785	\$23,042,605	\$25,349,864	\$32,586,729	\$38,707,623	\$47,595,671
Operating Expenditures						
Protective services	\$ 4,338,614	\$ 4,647,331	\$ 5,413,380	\$ 6,512,976	\$ 7,147,942	\$ 8,703,749
Environmental services	6,366,162	7,048,707	7,601,206	8,803,552	9,528,619	12,255,232
Community and cultural						
services	1,576,999	1,966,524	2,186,769	3,816,216	4,487,667	5,505,509
Support services	873,505	981,832	1,109,192	1,131,083	1,170,487	1,539,589
Legislative and legal						
services	210,930	212,130	223,660	255,695	303,872	313,132
Subtotal	\$13,366,210	\$14,856,524	\$16,534,207	\$20,519,522	\$22,638,587	\$28,317,211
Debt service	2,758,121	2,757,094	2,854,199	2,919,264	2,880,567	2,714,527
Projects and capital outlay	3,336,871	5,142,275	5,515,376	7,732,695	10,528,231	9,769,000
Total expenditures	\$19,461,202	\$22,755,893	\$24,903,782	\$31,171,481	\$36,047,385	\$40,800,738

① Not applicable in years so indicated.

② 1973/74 bond proceeds of \$2,450,000 excluded.

Note: This Summary of Revenues and Expenditures was prepared by Stone & Youngberg Municipal Financing Consultants, Inc. especially for this official statement on the basis of data contained in City Annual Financial Reports for the indicated years, and the City Resource Allocation Plan (Budget) for the fiscal year 1977/78.

retirement, death and survivor benefits under 944 contracts for about 1,950 public agency employers (cities, counties, and other public agencies) with 364,116 members. The System's funding is by employer and employee contributions together with investment income.

Contributions fluctuate yearly depending on the number of members and their respective salary schedules. The contribution by the State of California for the 1975/76 fiscal year, as reported by the State Controller was \$289,502,746.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years by an independent actuary.

At June 30, 1976 (latest information available), PERS had an accrued actuarial liability of \$13,994,037,220 and net assets available for benefits amounting to \$7,862,480,565, according to the auditors. Comparable figures at June 30, 1974 were \$11,112,165,166 and \$6,204,166,779, respectively. The June 30, 1976 unfunded obligation of \$6,131,556,655 does not take into account the provisions of Chapter 187, Statutes of 1975 (Amended Section 20741 of the California Government Code, and repealed Sections 20750.88 and 20750.91 of said Code), which called for a new increased contribution rate by the state with respect to state miscellaneous members.

The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return, and salary scales. Present System policy is designed to satisfy the unfunded obligation by the year 2000. Further information is available from State of California Public Employees' Retirement System, 1416 Ninth Street, Sacramento, California 95814.

Outstanding Bonded Debt

As of the sale date of the Bonds currently offered, the City of Sunnyvale has a total outstanding general obligation bonded indebtedness of \$9,758,000, consisting of 14 separate issues, the proceeds of which were used to finance various municipal improvements and public facilities. These bonds were issued at

various times between 1941 and 1971, and the last issue will be fully retired in 1988. A schedule of general obligation bonds payable as of June 30, 1978 is presented in Table 3 on page 36, while a schedule of future aggregate annual general obligation bond debt service payments is included in Table 4 on page 37.

Other bonded indebtedness incurred by, on behalf of, or in the name of the City of Sunnyvale amounted to an aggregate sum of \$13,424,061 as of the sale date of the Bonds currently offered. Of this amount, \$5,234,061 is represented by special assessment bonds, which are not a debt of the city, and the remaining \$8,190,000 principal amount of such additional indebtedness is composed of revenue bonds or special obligations as follows: (1) Revenue bonds paid solely from the income of the facility financed with bond proceeds; (2) so-called "Plan E" bonds paid from general city revenues and from water and sewer revenues; and (3) parking district bonds paid from the proceeds of a special tax levied against all property within the benefiting area of the parking district (which includes a portion of the Project area). Special assessment bonds issued under the provisions of the Improvement Bond Act of 1915 constitute a contingent obligation of the city to levy an additional tax of up to 10 cents per \$100 assessed valuation throughout the entire city in the event that delinquent assessment payments, if any, are not offset from repayment of such delinquencies, applications of city-held debt service reserves, or foreclosure and sale of such delinquent property at public sale. Future annual debt service requirements for all such indebtedness is presented in Table 4, and a five-year history of all city debt outstanding as of the close of the respective fiscal years is shown in Table 3.

A statement of direct and estimated overlapping tax-supported bonded indebtedness of the City of Sunnyvale as of April 11, 1978 is presented in Table 5, on page 38. The legal debt margin of the city, as of June 30, 1977, based on the provisions of Section 1308 of the Sunnyvale City Charter, is summarized in the tabulation on the next page.

The Director of Finance of the City of Sunnyvale reports that the city has never defaulted in the payment of interest or principal on general obligation or revenue bonded indebtedness, and has never issued any refunding bonds to either avoid or cure a default.

CITY OF SUNNYVALE**Schedule of Legal Debt Margin****June 30, 1977**

Total Assessed Value (Before all exemptions)		\$581,672,985
Debt limit—15% of total assessed value		\$ 87,250,947 ^①
Amount of debt applicable to debt limit:		
Total bonded debt		\$ 25,412,657
Less: Assets in debt service reserve	\$ 262,460 ^②	
Other deductions allowed by law:		
Special assessment bonds	5,779,657	
Revenue bonds	5,195,000	
Parking district bonds	2,365,000	
Plan "E" other than parking bonds	930,000	\$ 14,532,117
Total amount applicable to debt limit		\$ 10,880,540
Legal Debt Margin		\$ 76,370,407

① Section 1308 of the City Charter of the City of Sunnyvale states: "The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen percent (15%) of the total assessed valuation of the property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending, or maintaining municipally owned utilities, for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and of this Charter."

② Principal only applicable to general bonded debt.

Source: City Annual Financial Report, June 30, 1977.

Table 3

CITY OF SUNNYVALE

Outstanding Bonded and Other Debt

Source of Support

Fiscal Years 1972/73-1976/77

36

June 30	Supported by	General Obligation	Bonded Debt ^①				Other Long-Term Debt ^②	Total Debt
			Plan "E" Other Than Parking	Revenue	Parking District	Total		
1973	General city revenues	\$13,226,921.50	\$ 320,000.00	\$ —	\$ —	\$13,546,921.50	\$ —	\$13,546,921.50
	Parking district revenues	—	—	—	2,715,000.00	2,715,000.00	40,911.68	2,755,911.68
	Water revenues	1,202,495.00	515,000.00	360,000.00	—	2,077,495.00	—	2,077,495.00
	Sewer revenues	1,641,685.00	515,000.00	3,035,000.00	—	5,191,685.00	—	5,191,685.00
	Golf revenues	856,898.50	—	—	—	856,898.50	—	856,898.50
	Outstanding debt June 30, 1973 ...	\$16,928,000.00	\$1,350,000.00	\$3,395,000.00	\$2,715,000.00	\$24,388,000.00	\$40,911.68	\$24,428,911.68
1974	General city revenues	\$12,100,958.50	\$ 240,000.00	\$ —	\$ —	\$12,340,958.50	\$ —	\$12,340,958.50
	Parking district revenues	—	—	—	2,630,000.00	2,630,000.00	40,523.20	2,670,523.20
	Water revenues	1,153,145.00	490,000.00	340,000.00	—	1,983,145.00	—	1,983,145.00
	Sewer revenues	1,476,115.00	490,000.00	2,935,000.00	—	4,901,115.00	—	4,901,115.00
	Golf revenues	815,281.50	—	2,450,000.00	—	3,265,281.50	—	3,265,281.50
	Outstanding debt June 30, 1974 ...	\$15,545,500.00	\$1,220,000.00	\$5,725,000.00	\$2,630,000.00	\$25,120,500.00	\$40,523.20	\$25,161,023.20
1975	General city revenues	\$10,969,995.50	\$ 200,000.00	\$ —	\$ —	\$11,169,995.50	\$ —	\$11,169,995.50
	Parking district revenues	—	—	—	2,545,000.00	2,545,000.00	40,106.70	2,585,106.70
	Water revenues	1,103,795.00	465,000.00	320,000.00	—	1,888,795.00	—	1,888,795.00
	Sewer revenues	1,310,545.00	465,000.00	2,830,000.00	—	4,605,545.00	—	4,605,545.00
	Golf revenues	773,664.50	—	2,410,000.00	—	3,183,664.50	—	3,183,664.50
	Outstanding debt June 30, 1975 ...	\$14,158,000.00	\$1,130,000.00	\$5,560,000.00	\$2,545,000.00	\$23,393,000.00	\$40,106.70	\$23,433,106.70
1976	General city revenues	\$ 9,766,481.50	\$ 160,000.00	\$ —	\$ —	\$ 9,926,481.50	\$ —	\$ 9,926,481.50
	Parking district revenues	—	—	—	2,455,000.00	2,455,000.00	39,660.03	2,494,660.03
	Water revenues	1,037,995.00	435,000.00	300,000.00	—	1,772,995.00	—	1,772,995.00
	Sewer revenues	1,131,775.00	435,000.00	2,720,000.00	—	4,286,775.00	—	4,286,775.00
	Golf revenues	724,248.50	—	2,365,000.00	—	3,089,248.50	—	3,089,248.50
	Outstanding debt June 30, 1976 ...	\$12,660,500.00	\$1,030,000.00	\$5,385,000.00	\$2,455,000.00	\$21,530,500.00	\$39,660.03	\$21,570,160.03
1977	General city revenues	\$ 8,542,967.50	\$ 120,000.00	\$ —	\$ —	\$ 8,662,967.50	\$ —	\$ 8,662,967.50
	Parking district revenues	—	—	—	2,365,000.00	2,365,000.00	39,186.06	2,404,186.06
	Water revenues	972,195.00	405,000.00	280,000.00	—	1,657,195.00	—	1,657,195.00
	Sewer revenues	953,005.00	405,000.00	2,600,000.00	—	3,958,005.00	—	3,958,005.00
	Golf revenues	674,832.50	—	2,315,000.00	—	2,989,832.50	—	2,989,832.50
	Outstanding debt June 30, 1977 ...	\$11,143,000.00	\$ 930,000.00	\$5,195,000.00	\$2,365,000.00	\$19,633,000.00	\$39,186.06	\$19,672,186.06

① Does not include fixed lien assessment bonds or Agency bonds.

② Miscellaneous contractual payments.

Source: City Annual Financial Report, June 30, 1977.

Table 4
CITY OF SUNNYVALE
All Bonds
Summary of Debt Service Requirements to Maturity—As of June 30, 1977

Fiscal Year Ended June 30	Special Assessment Bonds①	Revenue Bonds	Parking District Bonds	Plan "E" Other Than Parking Bonds	General Obligation Bonds	Total
1978	\$ 850,516.77	\$ 526,300.00	\$ 202,637.50	\$ 125,097.00	\$ 1,857,252.50	\$ 3,561,803.77
1979	818,642.36	528,000.00	213,260.00	130,930.50	1,690,220.00	3,381,052.86
1980	801,573.44	528,543.75	218,285.00	126,501.50	1,486,710.00	3,161,613.69
1981	760,945.02	528,281.25	212,966.25	122,072.50	1,377,267.50	3,001,532.52
1982	626,238.75	527,448.75	212,491.25	127,381.00	1,324,605.00	2,818,164.75
1983	606,164.00	530,320.00	216,731.25	122,427.00	1,243,642.50	2,719,284.75
1984	490,963.75	531,875.00	210,773.75	107,587.50	1,071,695.00	2,412,895.00
1985	497,967.25	532,088.75	204,816.25	102,862.50	1,035,391.25	2,373,126.00
1986	484,605.75	532,006.25	182,577.50	107,875.00	1,063,231.25	2,370,295.75
1987	482,177.25	531,988.75	146,910.00	102,625.00	666,205.00	1,929,906.00
1988	473,611.00	501,412.50	146,663.75	—	284,477.50	1,406,164.75
1989	358,817.50	499,870.00	146,155.00	—	271,492.50	1,276,335.00
1990	339,167.50	504,457.00	111,336.25	—	—	954,960.75
1991	260,883.75	199,760.00	107,718.75	—	—	568,362.50
1992	41,250.00	197,430.00	70,400.00	—	—	309,080.00
1993	—	199,840.00	73,950.00	—	—	273,790.00
1994	—	201,580.00	72,450.00	—	—	274,030.00
1995	—	197,600.00	70,950.00	—	—	268,550.00
1996	—	198,322.50	69,450.00	—	—	267,772.50
1997	—	560,175.00	72,900.00	—	—	633,075.00
1998	—	—	71,300.00	—	—	71,300.00
1999	—	—	69,700.00	—	—	69,700.00
2000	—	—	73,050.00	—	—	73,050.00
2001	—	—	71,350.00	—	—	71,350.00
2002	—	—	74,600.00	—	—	74,600.00
2003	—	—	72,800.00	—	—	72,800.00
2004	—	—	75,950.00	—	—	75,950.00
TOTAL	\$7,893,524.09	\$9,086,199.50	\$3,678,877.50	\$1,325,160.50	\$15,364,111.25	\$34,470,545.59

① Not a debt of the city. Assessment bonds represent liens against property, and are paid from annual assessments. The city may have a limited, contingent liability in the event of default in payment by property owners, as discussed on page 34 hereof.

Source: City Annual Financial Report, June 30, 1977.

Table 5
CITY OF SUNNYVALE
Statement of Direct and Estimated Overlapping Bonded Debt

Population (1/1/77)	106,400 ^①	
1977/78 Assessed Valuation	\$ 683,199,816	
Estimated Market Value	\$3,109,000,000 ^②	
Entity	Percent Applicable ^③	Debt Applicable April 11, 1978 ^④
Santa Clara County	10.683%	\$ 4,514,636
Santa Clara County Flood Control Districts NC-1 and NW-1	29.752- 2.679	2,969,664
Bay Area Pollution Control District	2.793	35,834
Santa Clara County Flood Control District W-1	11.198	4,310,110
Santa Clara County Water Conservation District	12.044	72,264
Foothill Community College District	25.971-26.060	3,651,912
Cupertino Union School District (various issues)	17.408-20.378	1,303,297
Alviso, Jefferson, Los Altos and Mountain View School Districts	0.409-31.910	479,012
Sunnyvale School District	99.215-99.513	3,425,364
Fremont Union High School District	46.884-53.766	5,168,801
Mountain View Union High School District	6.338-10.683	114,412
Santa Clara Union High School District and Unified School District	13.638-15.708	929,286
City of Sunnyvale	100.	9,758,000
City Parking Districts	100.	2,275,000
City Plan E Water, Sewer and Drainage	100.	850,000
Cupertino Sanitary District	5.556-45.000	110,311
El Camino Hospital District	41.313	807,669
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$40,775,572
Less: Santa Clara Co. Water Conservation District (100% self-supporting)		72,264
Santa Clara Co. Flood Control District W-1 (100% self-supporting)		4,310,110
City water and sewer bonds (100% self-supporting)		1,720,650
City Plan E Bonds (100% self-supporting)		850,000
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$33,822,548

	Ratio to		
	1977/78 Assessed Valuation	Estimated Market Value	Per Capita
1977/78 Assessed Valuation	100. %	② %	\$6,421
Gross Total Debt	5.97	1.31	383
Net Total Debt	4.95	1.09	319
Gross Direct Debt	1.89	.41	121
Net Direct Debt	1.51	.33	97

① Source: State Department of Finance as of January 1, 1977.

② Based on assessment ratios discussed on page 29 of this official statement.

③ Source: California Municipal Statistics, Inc., San Francisco, California (only as to percent and amount of debt applicable as of April 11, 1978).

④ Excludes revenue bonds, 1915 Act Assessment Bonds (\$5,779,657), City share of County lease-revenue bonds (\$4,985,222), The Series B Bonds now being offered by the Agency (\$13,100,000), the 1977 Bonds (\$16,800,000), and Series A Bonds (\$11,200,000) issued by the Agency as of May 1, 1977.

City's Share of Authorized and Unsold Bonds:
City of Sunnyvale \$850,000
Mountain View School District 393,686

City's Share of State School Building Aid Repay-
able as of June 30, 1977: \$7,999,990

THE CITY AND ITS ECONOMY

The City of Sunnyvale is located in the northwest portion of Santa Clara County, approximately 40 miles south of San Francisco and 360 miles north of Los Angeles. City limits encompass about 24 square miles. The city's January 1978 population was reported to be 106,400.

Initially the city's development was tied closely to the agriculturally-oriented economy of Santa Clara County. The city's economic base is now very diversified as a broad cross-section of new industrial facilities have located in and expanded the city's several planned industrial parks.

Sunnyvale's economic growth has closely paralleled that of Santa Clara County, the San Francisco Bay Area's foremost manufacturing center. Wages paid to manufacturing employees in Santa Clara County exceeded \$2 billion during 1974, according to the California Employment Development Department. The County has attracted a wide spectrum of manufacturing industries in the aerospace, electrical machinery, food products, container, and research and development industries.

Excellent transportation facilities link Sunnyvale and Santa Clara County to other industrial, commercial, and distribution centers in the Bay Area, state, and far west regions. San Francisco International Airport, San Jose Municipal Airport, and Oakland International Airport are all conveniently accessible to the city, as are the ports of San Francisco, Oakland, and Redwood City.

The San Francisco-Oakland Bay Area is an important financial and commercial center of the west-

ern United States. The headquarters of the Twelfth Federal Reserve District and four of the nation's largest banks are located in San Francisco. The Bay Area also serves as the international, or regional headquarters for major corporations in the petroleum, agricultural, paper, insurance, manufacturing, transportation, retailing, and utility industries. The headquarters of 25 of the largest corporations in the United States, including five of the largest transportation companies and two of the largest utilities, are located in the Bay Area.

Although still closely tied to the San Francisco-Oakland commercial and industrial complex, the San Jose Metropolitan Area (Santa Clara County) is rapidly developing its own distinct regional economy at the southern end of San Francisco Bay. Sunnyvale, located between Palo Alto and San Jose, is favorably situated to participate in this regional growth.

Population, Housing, and Income

The city's estimated population at January 1, 1977 was 106,400, a gain of 10,424 from the 1970 Federal census. This percentage increase of 10.86% currently exceeds the national average, but the rates of population growth in the fifties and sixties were far in excess of the national growth rate. A comparison of the city's growth to that of Santa Clara County is shown in the tabulation below. During that period Sunnyvale's percentage growth was considerably greater than the county's, as shown in the tabulation below.

In the future, it is anticipated that Sunnyvale's rate of population gain will be lower than that of Santa Clara County. Future growth of the city is expected to involve the annexation of relatively small unincorporated areas that border the city. As residentially-zoned land is developed, the growth rate of the city's population is expected to be moderate.

CITY AND COUNTY POPULATION

Year	City of Sunnyvale	Percent Change	Santa Clara County	Percent Change
1950	9,829	—	290,549	—
1960	52,898	438.2 %	642,315	121.1%
1970	95,976	81.4	1,065,313	65.9
1978	106,400	10.86	1,202,100	12.8

Sources: 1950-70: U.S. Census Bureau; 1976: State Department of Finance.

The 1970 Census of Housing reported 31,498 housing units in the city. Sixty percent were single family dwellings, with a median owner-occupied value of \$29,200 (compared with a county median of \$27,300). Since 1970 approximately 7,800 housing units or multi-family projects have been built in the city. Over 70 percent of this new residential construction consisted of multi-family units. In the 1977 period, the average permit value for new multiple units in Sunnyvale was \$20,283.

Residents of Sunnyvale have relatively high incomes. *The 1977 Survey of Buying Power* (Sales & Marketing Management Magazine) reports that the median household effective buying income was \$19,542 in 1976, compared with \$18,501 in the San Jose Metropolitan Area (Santa Clara County), which ranks seventh highest among all metropolitan counties in the nation for this economic indicator. Over 65 percent of all Sunnyvale households had an effective buying income of \$15,000 or more in 1976, according to the same survey.

Employment and Industry

Economic growth in Sunnyvale and Santa Clara County has been stimulated by the steady expansion of employment opportunities. From 1972 through 1976, the number of employed county residents increased from 465,000 to 524,000, an average annual growth of more than 14,000 employed persons.

During the same period, nonagricultural wage and salary jobs in the county expanded from 405,600 to 492,000, with manufacturing accounting for more than 40 percent of the increased employment level. Santa Clara County now ranks as the Bay Region's

leading industrial center. The county has more than 40 industrial plants each with over 500 employees.

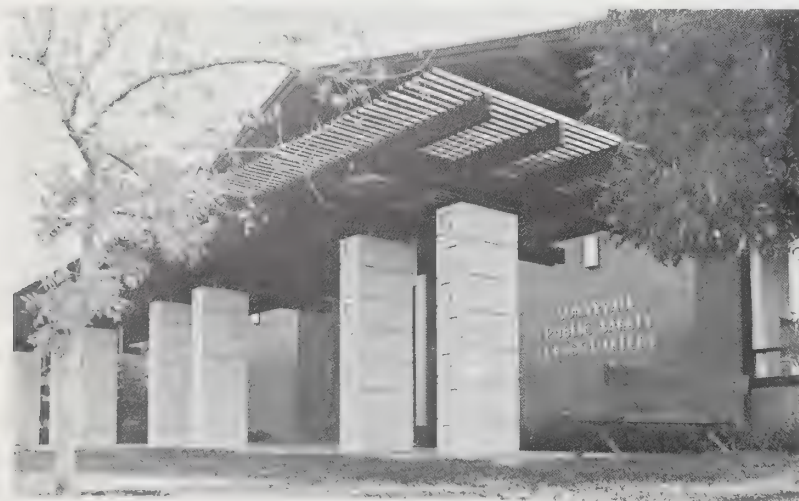
Growth of employment has been greatest in the electrical equipment, electronics and machinery categories. Among the larger firms are Lockheed Missiles and Space Company, Fairchild Camera and Instrument Corporation, Western Electric Company, Hewlett-Packard Company, General Electric Company, Signetics Corporation, Westinghouse Electric Corporation, Raytheon Company, FMC Corporation, and Varian Associates.

The county's industrial base is balanced by a broad spectrum of other industries which are related to general business, research and development, and agriculture. Major employers in these sectors include International Business Machines Corporation, FMC Corporation, Ford Motor Company, Eastman Kodak Company, Kaiser Cement and Gypsum Corporation, International Paper Company, Owens-Corning Fiberglas Corporation, Stauffer Chemicals, San Jose Steel Corporation, and Owens-Illinois Corporation.

As of November 1977 total civilian employment in Santa Clara County was 556,000, compared with 529,300 the previous November, according to the State Employment Development Department.

The seasonally adjusted unemployment rate of 5.7% compared with a rate of 7.2% in November 1976. The unadjusted unemployment rate in November 1977 was 5.3%, a substantial drop from the 6.8% of November 1976.

The following tabulations summarize civilian labor force and employment data for the past five years, and 1976 annual employment activity by industrial classification (the latest data available).



Public Safety Headquarters adjoining City Hall. Public Safety officers are trained and serve interchangeably in police and fire protection functions.

SANTA CLARA COUNTY**Civilian Labor Force, Employment, and Unemployment^① (In Thousands)**

	1972	1973	1974	1975	1976
Labor Force	505.0	554.0	561.0	555.0	568.0
Employment	465.0	513.0	528.0	504.00	524.0
Unemployment	40.0	31.0	33.0	51.0	44.0
Unemployment Rate	7.9%	5.7%	5.9%	9.2%	7.7%

① Based on residence.

Source: County Planning Department

SANTA CLARA COUNTY**Average Annual Employment^① (In Thousands)**

Industry	1972	1973	1974	1975	1976
Total Nonagricultural Wage and Salary Workers	405.6	443.6	469.9	466.7	492.0
Manufacturing	126.7	147.1	162.8	153.6	162.5
Durable Goods	102.2	121.2	135.6	127.2	135.9
Stone, Clay, Glass	2.9	2.8	2.9	2.6	2.6
Fabricated Metals	3.3	3.7	3.8	3.6	4.0
Nonelectrical Machinery	21.2	25.1	29.9	28.1	30.6
Office, Computing Machines	16.1	19.2	22.8	21.4	23.7
Electrical Equipment and Supplies	38.1	49.6	56.1	50.5	56.0
Instruments	11.4	14.5	15.1	15.0	15.9
Transportation Equipment	22.7	23.0	24.9	24.9	24.1
Other Durables	2.6	2.5	2.9	2.5	2.7
Nondurables	24.5	25.9	27.2	26.4	26.6
Food and Kindred Products	13.4	14.0	14.5	14.1	13.8
Canning and Preserving	8.3	8.9	9.4	9.5	9.2
Other Foods	5.1	5.1	5.1	4.6	4.6
Paper, Printing and Publishing	6.9	6.9	7.0	6.7	6.9
Other Nondurables	4.2	5.0	5.7	5.6	5.9
Nonmanufacturing	278.9	296.5	307.1	313.1	329.5
Mining .....	.1	.1	.1	.1	.1
Construction	19.3	20.5	20.5	17.0	17.4
Transp. Comm. and Utilities	17.8	18.2	18.5	17.9	18.1
Wholesale Trade	15.8	17.4	18.3	19.9	21.3
Retail Trade	62.6	66.2	69.2	71.4	75.8
Finance, Insurance, Real Estate	15.9	17.3	18.2	18.7	19.9
Services	82.4	89.5	92.8	95.9	101.7
Government	65.0	67.3	69.5	72.2	75.2
Federal	9.4	9.3	9.1	9.0	9.1
State and Local	55.6	58.0	60.4	63.2	66.1
City	7.5	8.1	8.4	8.6	8.9
County	8.9	9.4	10.0	10.5	11.1
Other State and Local	39.2	40.5	42.0	44.1	46.1
Agriculture	7.7	8.0	8.7	9.3	9.6

① Based on place of work.

Source: State Department of Employment Development.

Santa Clara County's 1,800 manufacturing plants represent slightly more than one-fourth of all industrial plants in the nine counties fronting on San Francisco Bay. However, these plants account for over 40 percent of all industrial workers and payrolls in the nine counties.

The growth and nature of employment in Sunnyvale has tended to parallel that of Santa Clara County. As in the case of the county, manufacturing and services are major employment categories. Within the city there are over 200 manufacturing firms employing more than 30,000 persons. The leading manufacturing activities include electronics; electrical equipment; food processing; containers; and chemical, pharmaceutical, and paper products.

Lockheed Missiles and Space Company, the largest single employer in Santa Clara County, presently employs approximately 16,000 persons at its Sunnyvale facilities. The Lockheed complex represents a diversity of research and production facilities. The company has developed and is producing some of the nation's most vital systems for research and national defense—the Agena Satellite and the Polaris/Poseidon ballistic missiles. It is currently developing the Trident missile system as the successor to the Poseidon, and the SEASAT ocean survey satellite.

The Marine Division of Westinghouse Electric Corporation is Sunnyvale's second largest employer. The Division employs approximately 2,100 in facilities covering more than 1,300,000 square feet. These facilities serve commercial and military clientele as a complete production entity with capability ranging from the design to the complete manufacture of marine propulsion systems. Major commercial shipping firms which have installed the Division's propulsion systems include American President Lines, Prudential-Grace Lines, Pacific Far East Line, and Lykes Brothers. Marine propulsion systems manufactured by the Division are also used on United States Navy aircraft carriers, missile cruisers and destroyers, nuclear submarines and guided missile escort ships.

The Pacific Region Headquarters of Western Electric Company, Inc. is located in Sunnyvale. With a payroll of 1,900, the Sunnyvale facility serves as the company's administrative and engineering center for the western area. Complete engineering work is done for the manufacture and installation of telephone equipment for the American Telephone and Telegraph Company and subsidiaries: Pacific Tele-

phone and Telegraph Co., Pacific Northwest Bell Telephone Co., Bell Telephone Company of Nevada, and the Longlines Department of the American Telephone and Telegraph Company.

Signetics Corporation, with worldwide employment of 5,600 and 1,900 at its Sunnyvale operations, produces integrated solid state microcircuits in local plants.

In recent years a growing number of firms engaged in scientific research and development, information technology, electronic data processing, and the communications industries have located in Sunnyvale. Representative firms within these industries which maintain important operations in Sunnyvale include: Amdahl Corporation; Applied Technology, Inc.; Division of Itek Corporation; Control Data Corporation; Chemical Systems Division of United Technologies, Inc.; Ampex Corporation; Nuclear Energy Division, General Electric Company; and ESL Incorporated, a producer of military electronics. A list of firms in Sunnyvale that have 100 or more employees appears on page 43.

It is anticipated that future industrial development in Sunnyvale will continue at a steady pace. Nearly 40 percent of the city's area is planned for industrial purposes. Within the city, suitable parcels of land for industrial purposes are available in a number of planned industrial parks, all of which are served by city water and sewer services, electrical and gas utilities, fire protection, and rail-highway facilities. There are 3,940 acres in the city limits zoned for all types of industry.

Major non-manufacturing employers in the city are Pacific Telephone Company, which employs 400 at its district communication headquarters, and the USAF Satellite Test and Tracking Center employing 300 at its National Satellite Control Center. Two major Federal installations in nearby Mountain View—NASA's Ames Research Center and the U.S. Naval Air Station at Moffett Field—maintain close ties with electronics and communications firms in Sunnyvale. Combined employment at these two Federal facilities is approximately 2,950 persons.

Industrial Parks

There are four major industrial parks or districts in the city. The most active and rapidly growing of these at present is Moffett Park occupying 600 acres north of State Highway 237. Originally established by Moffett Park Association in 1962, the industrial land was acquired in 1972 by Prudential Insurance

MAJOR EMPLOYERS IN SUNNYVALE

100 or More Employees

Company	Product/Service	No. of Employees
Addington Laboratories, Inc.	Electronic components, R & D	175
Advanced LSI Tech	Semiconductors	107
Advanced Memory Systems, Inc.	Semiconductor, memory systems	750
Advanced Micro Devices, Inc.	Integrated circuits	556
Aertech Industries	Microwave equipment	200
Alpha Beta Markets	Retail stores	100
Amdahl Corporation	Computers	650
Ampex Corporation	Electronics, videofile, recorders	475
Anderson Jacobson, Inc.	Electronics	184
Applied Technology, Div. Itel Corp.	Electronic, microwave systems	678
Atari Inc., Div. Warner Communications	Electronic games	800
Barnes-Hind Pharmaceuticals	Pharmaceuticals	214
Boise Cascade Container Corp.	Containers	114
California Cannery and Growers	Food processing	150-1,500 ^①
California Microwave, Inc.	Telecommunications	300
Consolidated Video	Electronic equipment	105
Control Data	Electronics R & D	690
Cushman Electronics, Inc.	Testing instruments	200
Data Disc, Inc.	Computer peripheral equipment	165
Data General	Semiconductor mfg.	140
Data Pathing, Inc.	Electronic data collection equipment	272
Data Products	Computer memory systems	120
ESL Incorporated	Electronic R & D	1,000
Finnigan Corporation	Analytical instrumentation	278
Fremont Union High School District	Education	1,100
General Electric Co.	Aerospace	152
General Electric Co.	Nuclear energy div.	747
Hewlett-Packard	Instrumentation	533
Idylwood Convalescent Hospital	Nursing care	159
Illumination Industries, Inc.	Lamps, power supplies	103
Information Terminal	Mfg. cassettes	252
Intel Corp.	Electronics	230
International Video Corp.	Video tape recorders, TV cameras	700
Karex Inc.	Magnetic tape	102
Kirk Mayer Inc.	Engineering services	103
Libby-McNeil & Libby	Food canning	75-1,220 ^①
Lockheed Missiles and Space Co.	Aerospace, missiles	16,000
LSI Systems, Inc.	Electrical equipment	120
Mellonics Systems Development	Software programming	119
Monolithic Memories	Semiconductor memories	400
Moore Systems	Design, mfg. electronic systems	143
National Can Corp.	Containers	224
National Semiconductor	Semiconductors	363
Naval Plant Rep. Office	U.S. Navy	350
Pacific Telephone	Communications services	400
Ramtek Corporation	Electronics	275
SHM Nuclear Corp.	Linear accelerator mfg.	100
Signetics Corporation	Integrated circuits	1,900
Singer Precision	Electronics	412
Smith Kline Instruments	Medical instruments	140
Sperry Univac—ISS	Electronic components	579
Sunnyvale School District	Education	720
Sunnyvale, City of	Government	1,000 ^②
Svale Medical Clinic	Medical center	138
System Industries	Electronics	134
TRW Systems Group	Aerospace systems	169
Treasury (J.C. Penney Co.)	Computer mfg.	101
Trendata Corporation	Retailer	235
U.S. Air Force	Management division	110
United Technologies, Inc.	Missile, rocket R & D, mfg.	429
Velo-Bind Inc.	Bindings	116
Western Electric Co., Inc.	Telephone equipment	1,900
Western Microwave	Electronics	100
Westinghouse Electric Corp., Marine Division	Ship propulsion, missile launchers	2,094
Westab Inc.	Paper converters	108
Xidex Corporation	Microfilm mfg.	200

^① Seasonal.

^② Includes part-time employees.

Source: City of Sunnyvale.

Co., which added 53 acres to the original holdings. Prudential now has 450,000 square feet of buildings under construction. About 30 percent of this is manufacturing space; the balance is devoted to ware-

housing and research and development. Principal tenants are Lockheed, Atari, Northern Telecom, Intel, Design Optics, ESL, Control Data, and Stereo West.

CITY OF SUNNYVALE

Industrial Parks/Districts

Name	Owner/Developer	Acreage	Year Established
Koll Business Park	Don Koll Co.	20	1976
Moffett Park	Prudential Insurance Co.	600	1962
Oakmead	Southern Pacific	350①	1956
Peery-Arrillaga	Peery and Arrillaga	250	1959

① 200 acres in Sunnyvale the balance is in the City of Santa Clara.

Source: City of Sunnyvale.

Building Construction

During the ten years ending in 1977 the value of building construction in Sunnyvale amounted to \$478,904,306, or an average of more than \$47 million annually.

The following tabulation shows the number of building permits and valuation in the city for the last ten years.

Calendar Year	No. of Permits	Valuation
1968	1,885	\$54,362,546
1969	1,594	37,602,527
1970	1,412	35,265,724
1971	1,700	30,641,306
1972	1,370	35,629,643
1973	1,632	50,424,016
1974	1,429	38,018,435
1975	1,755	54,473,854
1976	2,307	68,136,512
1977	2,163	74,349,743

Source: City of Sunnyvale.

The tabulation at the top of page 45 presents a breakdown of permit values by types of construction for the 1973-1977 period. Industrial permit valuation in the city accelerated sharply in 1973, and has remained at high levels. Permit values in the 1977 calendar year were the highest in the city's history.

In recent years, a strong trend toward the development of multi-unit garden type apartments and condominiums has taken place. This is shown in the summary at the middle of page 45.

In the tabulation at the bottom of the following page is a listing of the largest building permits issued by the city during calendar year 1977.

Commercial Activity

Sunnyvale's central business district and outlying population center encompass a wide variety of commercial enterprises. During the period from 1972 through 1977 (first nine months), the number of sales outlets increased 1,720 to a total of 2,407 and total taxable transactions increased nearly 72 percent during the four calendar years ended December 31, 1976.

CITY OF SUNNYVALE**Building Permit Value**

	1973	1974	1975	1976	1977
Residential	\$19,382,020	\$13,974,006	\$21,965,550	\$33,701,557	\$16,196,406
Commercial	5,956,229	4,742,003	4,810,052	3,869,376	11,908,043
Industrial	22,339,785	17,666,969	14,494,294	27,411,356	44,301,165
Public	1,368,209	256,687	11,123,422	1,769,275	394,446
All other	1,377,773	1,405,770	2,080,536	1,384,948	1,549,683
Total	\$50,424,016	\$38,018,435	\$54,473,854	\$68,136,512	\$74,349,743

Source: City of Sunnyvale.

CITY OF SUNNYVALE**New Residential Units**

Type	1975	1976	1977
New single-family units	196	365	194
Value	\$ 8,629,000	\$19,471,661	\$5,919,339
New multi-family units	684	610	346
Value	\$10,020,000	\$11,392,064	\$7,018,000

Source: City of Sunnyvale.

CITY OF SUNNYVALE**Major Building Permits Issued During 1977**

Type	Owner/Builder	Permit Value
Motel	Dotson Builders, Inc.	\$1,335,000
Apartments (40)	Carrie Investments	850,491
Apartments (62)	Lou Kate, Inc.	1,250,137
Industrial	Devcon Associates	1,663,000
Industrial	Rudolph & Sletton	850,000
Industrial	Humbolt Court Associates	1,312,000
Industrial	Sobrato	1,620,000
Industrial	Carl Holvick	2,830,000
Condominiums (88)	Alpha Land Co.	1,758,600
Office building	Rudolph & Sletton	1,094,725
Commercial	Federated Stores	2,400,000
Industrial	Arillga & Peery	800,000
Bank	Bank of America N.T. & S.A.	748,000
Industrial	Kollreal	760,303
Industrial	Prudential Insurance Co.	1,362,500
Bank	E. A. Hathaway	1,400,000
Office/Industrial	Atari, Inc.	2,050,000
Office/Industrial	Amdahl	2,041,600
Apartments (74)	Miramar Plaza Investments, Ltd.	1,298,880

Source: Sunnyvale Department of Community Development.

Twenty shopping areas make Sunnyvale a major retail trade center on the San Francisco Peninsula. Although retail sales still account for about 70 percent of total taxable transactions in the city, an increasing share is accounted for by non-retail outlets as Sunnyvale continues to industrialize. This is re-

flected in the accompanying summary of taxable transactions since 1972.

A breakdown of 1976 taxable transactions by type of business (the latest complete year available) appears below.

CITY OF SUNNYVALE

Taxable Transactions by Type of Outlet 1976

Business	Permits	Taxable Transactions (\$000)
Apparel stores	37	\$ 5,766
General merchandise	16	9,373
Drug stores	19	6,564
Food stores	53	17,001
Packaged liquor stores	26	6,962
Eating and drinking places	200	34,504
Home furnishings, appliances	38	3,345
Building materials, farm implements	22	28,508
Auto dealers, auto supplies	46	93,406
Service stations	78	26,983
Other retail stores	160	33,088
Retail stores totals	695	\$265,500
All other outlets	1,613	123,884
Totals all outlets	2,308	\$389,384

Source: State Board of Equalization.

CITY OF SUNNYVALE

Taxable Transactions 1972-September 1977

Year	Retail Sales		Total Sales	
	Permits	Transactions	Permits	Transactions
1972 ^①	606	\$170,128,000	1,720	\$226,592,000
1973	611	199,535,000	1,814	277,284,000
1974	624	212,773,000	1,968	322,272,000
1975	664	236,166,000	2,116	336,392,000
1976	695	265,500,000	2,308	389,384,000
1976 (9 mos.)	695	193,863,000	2,307	280,090,000
1977 (9 mos.)	719	205,706,000	2,407	356,346,000

^① Gasoline for highway use became taxable July 1, 1972.

Source: State Board of Equalization.

Transportation

Convenient freeway, railroad, air, and seaport facilities of the San Francisco Bay Area provide Sunnyvale's industries with ready access to regional, national, and international markets.

U.S. 101, a major north-south highway between San Francisco and Los Angeles, traverses the northern part of the city. This route provides access to the deep-water ports at San Francisco and Redwood City as well as the air passenger and cargo facilities of San Francisco International and San Jose Municipal Airports. Interstate 280 (Junipero Serra Freeway) traverses the southern limits of the city, providing an alternate link between San Francisco and San Jose. Joining these two freeways is State Highway 85 (Stevens Creek Freeway).

State Highway 82 (El Camino Real) provides additional north-south traffic circulation. State Highway 237 connects the city with Interstate Highway 680 and State Highway 17, the principal routes which provide access to the Port of Oakland, Oakland International Airport, and distribution facilities of the East Bay. The city is also ringed and crossed by expressways to expedite intracity and intracounty movement to and from its industrial and other employment centers.

Rail lines of Southern Pacific Company serve the city's major industrial parks and manufacturing centers. Sunnyvale also has a station on the San Francisco-San Jose rail commuter line. In addition, the city is served by 65 common motor carriers which are capable of providing overnight delivery to Los Angeles and second morning's delivery to San Diego, points in the Pacific Northwest, and as far east as Salt Lake City.

Local bus transportation is provided by the Santa Clara County Transit System. Greyhound Bus Lines maintains a local passenger and parcel terminal.

Education

The Sunnyvale Elementary School District (grades K-8) operates 16 schools in the city. Current enrollment of approximately 5,645 (February 1978) is projected to decline slightly over the next few years, based on studies and forecasts by the school district. A sharp upsurge in enrollment in the 1950's and 1960's has abated. The Cupertino Union Elementary School District and the Santa Clara School District also operate elementary, intermediate and high schools in Sunnyvale.

Public instruction in the secondary grades is provided by the Fremont Union High School District, which operates seven high schools. Of these, two regular high schools and a continuation school are located in the city. Current enrollment in the entire district has leveled off at about 14,000 students. Sunnyvale students account for nearly 50 percent of this total.

Community two-year colleges in the area include Foothill College in Los Altos Hills, DeAnza College in Cupertino, San Jose City College, and West Valley College, with campuses at Campbell and Saratoga. A third campus (Mission) is now under construction north of U.S. 101, immediately east of the Sunnyvale city limits.

Superior educational and research facilities of the San Francisco Bay Area are available to Sunnyvale residents. At neighboring Palo Alto is Stanford University, one of the nation's foremost centers of engineering research and education in the fields of electronics, atomic energy, and medicine.

The oldest public higher education institution in the State of California is located a few miles southeast of Sunnyvale. San Jose State University, authorized by the State Legislature in 1862, offers a wide variety of undergraduate and graduate level courses. The faculty includes more than 1,000 and student enrollment is close to 30,000.

The University of Santa Clara, a Jesuit school with an enrollment of more than 7,000, is California's oldest private institution of higher learning. Located adjacent to Sunnyvale in Santa Clara, the University offers a wide variety of undergraduate courses through a faculty of over 200.

Other nationally known institutions of higher education accessible to Sunnyvale include the University of California at Berkeley, University of California at Santa Cruz, University of San Francisco, State Universities at Hayward and San Francisco, Mills College, and St. Mary's College.

Financial Institutions

The city is served by seventeen offices of nine banks as follows: Bank of America NT & SA (5), California First Bank, Crocker National Bank (3), Wells Fargo Bank (2), Bank of California, United California Bank, First National Bank of San Jose (3), Security Pacific National Bank and DeAnza Bank.

Additional financial services are provided by the following savings and loan associations: American, Brentwood, Coast Federal, El Camino, West Coast Federal, and World.

Utilities

Electricity, natural gas, and telephone service are provided by Pacific Gas and Electric Company and Pacific Telephone Company. The water supply comes from local wells, the Hetch Hetchy system of the City and County of San Francisco, and the Santa Clara Valley Water District. The city provides sewer service.

The city's water pollution control plant is currently being up-graded to handle tertiary treatment of wastes, under a \$13 million program expected to be completed in April 1978. The city is also initiating a source control program to monitor control of wastes.

Community Services and Facilities

Sunnyvale's \$4 million Community Center was completed in 1973. Located on a 20.5 acre site with parking for 381 cars, the Center has four buildings housing a creative arts activity, a performing arts center, an indoor sports facility, and a general recreation center. The city's Resource Allocation Plan (Budget) calls for the addition of an arboretum to the Community Center, with completion scheduled during 1978. A \$950,000 expansion of the city's corporation yard is under construction.

The El Camino Hospital District serves the greater part of Sunnyvale. Its 464-bed, acute-general care hospital, with 536 affiliated doctors and 1,000 employees, is located in Mountain View. Also adjacent to the city is the Kaiser Foundation Medical Center, with 318 beds.

The city's unique Public Safety Department is one of the few in the country whose officers are trained to serve as firemen and policemen. Considerable economies in manpower, equipment, and facilities are effected through the combination of fire and police services. A new communications center, complete with computerized information systems, makes possible coordinated rapid response to fire and police emergencies. The department's facilities include a headquarters building and six fire stations. For fire insurance rating purposes, the city has a Class 3 rating.

Sunnyvale's park and recreation facilities are exceptional. There are 764 acres of parks in the city. Extensive development of park areas has been made possible from the expenditure of over \$4.5 million in bond funds approved by the electorate. Existing facilities include an 18-hole municipal golf course, one 9-hole public course, 15 major neighborhood parks, four swim centers, and a 10-court tennis center. Another 400 acres, currently undeveloped, has been designated as a future Baylands Regional Park. This will be a county development, a portion of which will be located on land donated by the city.

An addition to the main city library in 1971 has doubled its capacity. The existing collection approximates 200,000 and annual circulation exceeds 700,000. The library's collection is complemented through cooperative arrangements with the public libraries in the neighboring cities of Mountain View, San Jose, Santa Clara and the county. A U.S. Patent Library is maintained, the only "subject classified" patent library outside of Washington, D.C. The library's book inventory and patron registration system is handled completely by computers in order to provide a full on-line circulation and inventory control system.

**Redevelopment Agency of the City of Sunnyvale
Annual Financial Report
For the Fiscal Year July 1, 1976 to June 30, 1977**

Redevelopment Agency of the City of Sunnyvale
ANNUAL FINANCIAL REPORT
Fiscal Year ended June 30, 1977

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REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

September 27, 1977

Chairman and Members of the Agency
Redevelopment Agency of the City of Sunnyvale
Sunnyvale, California

Dear Chairman and Members of the Agency:

Submitted herewith is the Annual Financial Report of the Redevelopment Agency of the City of Sunnyvale for the fiscal year ended June 30, 1977. This complies with the provisions of the two resolutions authorizing the issuance of bonds.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Lee S. Ayres', written over a horizontal line.

Lee S. Ayres
Executive Director

LSA:jc

REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE

September 27, 1977

To: Executive Director
From: Treasurer
Subject: Annual Financial Report -
Fiscal Year ended June 30, 1977

53 The Annual Financial Report of the Redevelopment Agency of the City of Sunnyvale, for the fiscal year ended June 30, 1977, is submitted herewith in accordance with Section 5.06 of Resolution No. 157-77 and Section 6.04 of Resolution No. 155-77 which provide for the issuance of bonds.

The Agency on December 7, 1976 appointed the firm of Peat, Marwick, Mitchell & Co. as auditors for the fiscal year ended June 30, 1977. Section 6.04 of Resolution No. 155-77 requires that the appointment be made with the consent of the trustee which is the Bank of America. The trustee consented to the appointment of Peat, Marwick, Mitchell & Co. as auditors for the fiscal year ended June 30, 1977 in a letter to the Agency dated August 23, 1977.

This is the first report on the Sunnyvale Central Core Redevelopment Project and covers the period from inception, April 19, 1977, the date the bonds were sold, to and including June 30, 1977.

Respectfully submitted,



E. O. Coli
Treasurer

EOC:jc

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

130 PARK CENTER PLAZA

SAN JOSE, CALIF. 95113

The Honorable Members of the
Redevelopment Agency of the
City of Sunnyvale:

We have examined the combined balance sheet and combined statement of project costs of the Redevelopment Agency of the City of Sunnyvale as of June 30, 1977 and the related combined statement of changes in project costs for the period from inception (April 19, 1977) through June 30, 1977. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned combined financial statements present fairly the financial position of the Redevelopment Agency of the City of Sunnyvale at June 30, 1977 and the changes in its project costs for the period from inception (April 19, 1977) through June 30, 1977, in conformity with generally accepted accounting principles. Supplementary data included in Schedules 1-1 through 5 have been subjected to the same auditing procedures and, in our opinion, are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

Peat, Marwick, Mitchell & Co.

September 2, 1977

Redevelopment Agency of the City of Sunnyvale
COMBINED BALANCE SHEET
June 30, 1977

	<u>Total</u>	<u>Redevelopment Fund</u>	<u>Construction Fund</u>
Assets			
Cash and investments, restricted as to use (Note 3)	\$18,730,405	\$10,763,210	\$ 7,967,195
Cash and investments with fiscal agent	6,595,691	4,207,443	2,388,248
Accounts receivable	15	9	6
Interest receivable	211,243	127,211	84,032
Prepaid rent	574	344	230
Office equipment (Note 1)	1,564	1,564	-
Bond discount (Note 1)	1,064,000	840,000	224,000
Land (Note 9)	2,132,749	1,319,058	813,691
Net project costs (Exhibit B)	<u>1,417,929</u>	<u>873,071</u>	<u>544,858</u>
Total assets	<u>\$30,154,170</u>	<u>\$18,131,910</u>	<u>\$12,022,260</u>
Liabilities and Fund Balance			
Accounts payable	\$ 20,274	\$ 12,164	\$ 8,110
Wages payable	1,147	688	459
Amount to be provided from future bond sale (Note 9)	2,132,749	1,319,058	813,691
Bonds payable (Note 4)	<u>28,000,000</u>	<u>16,800,000</u>	<u>11,200,000</u>
Total liabilities	30,154,170	18,131,910	12,022,260
Fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$30,154,170</u>	<u>\$18,131,910</u>	<u>\$12,022,260</u>

See accompanying notes to financial statements.

Redevelopment Agency of the City of Sunnyvale
 COMBINED STATEMENT OF PROJECT COSTS
 Inception to June 30, 1977

	<u>Total</u>	<u>Redevelopment Fund</u>	<u>Construction Fund</u>
Expenditures			
Administration	\$ 34,201	\$ 20,357	\$ 13,844
Bond issuance	233,737	132,851	100,886
Land acquisition	1,358,565	840,343	518,222
Relocation	36,183	21,710	14,473
Parking structure	3,596	-	3,596
Total net project costs and expenditures	<u>1,666,282</u>	<u>1,015,261</u>	<u>651,021</u>
Less project revenues			
Accrued interest on bonds sold	28,815	9,240	19,575
Interest on investments	219,538	132,950	86,588
Total project revenues	<u>248,353</u>	<u>142,190</u>	<u>106,163</u>
Net project costs, at June 30, 1977	<u>\$1,417,929</u>	<u>\$ 873,071</u>	<u>\$ 544,858</u>
	(Exhibit B)		

See accompanying notes to financial statements.

Redevelopment Agency of the City of Sunnyvale
 COMBINED STATEMENT OF CHANGES IN PROJECT COSTS
 Inception to June 30, 1977

	<u>Total</u>	<u>Redevelopment Fund</u>	<u>Construction Fund</u>
Net project costs, at inception	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Expenditures			
Administration	34,201	20,357	13,844
Bond issuance	233,737	132,851	100,886
Land acquisition	1,358,565	840,343	518,222
Relocation	36,183	21,710	14,473
Parking structure	3,596	-	3,596
Total net project costs and expenditures	<u>1,666,282</u>	<u>1,015,261</u>	<u>651,021</u>
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Accrued interest on bonds sold	28,815	9,240	19,575
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Total project revenues	<u>248,353</u>	<u>142,190</u>	<u>106,163</u>
Net project costs, at June 30, 1977	<u>\$1,417,929</u>	<u>\$ 873,071</u>	<u>\$ 544,858</u>
	(Exhibit B)		

See accompanying notes to financial statements.

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements of the Agency have been prepared on the accrual basis of accounting.

Inception

This means the date of April 19, 1977, as it was on this date that both bond issues were sold. Expenses were incurred prior to this date in the amount of \$59,998 and were charged to the Agency after the sale of the bonds.

Investments

Investments are stated at cost. Those investments administered by the Agency consist mainly of deposits in the State of California Investment Pool. Those investments administered by the Agency's fiscal agent consist mainly of Federal Government backed securities.

Interest Receivable

Interest earnings were accrued on investments held by the Agency and also investments held by the fiscal agent. A summary of interest earnings accrued as of June 30, 1977 is as follows:

<u>Investments Held By</u>	<u>Redevelopment Fund</u>	<u>Construction Fund</u>
Agency	\$ 93,384	\$67,237
Fiscal Agent	<u>33,827</u>	<u>16,795</u>
Total	<u>\$127,211</u>	<u>\$84,032</u>

Project Costs and Revenues

Costs incurred in the development of the Sunnyvale Central Core Redevelopment Project, net of revenues received, have been capitalized. Costs attributable wholly to one or the other of the bond issues have been charged entirely to that bond issue. Those land acquisition and relocation costs attributable to both bond issues have been allocated on the basis of the square feet of each parcel of land acquired, all other costs have been allocated on the basis of the dollar amount of bonds sold. Project revenues have been similarly allocated.

Incremental Property Taxes

Property taxes are considered as project revenues by the Agency when billed by the County of Santa Clara. No incremental property taxes were due the Agency as of June 30, 1977.

(continued)

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977
(continued)

Depreciation

Office equipment will be depreciated using the straight-line method over an estimated useful life of ten years. No depreciation was taken on office equipment during fiscal year ended June 30, 1977 as the amount was not material.

Bond Discount

The Central Core Redevelopment Project 1977 Bonds were sold at a discount of 5% (\$840,000) and the Series A Lease Revenue Bonds were sold at a discount of 2% (\$224,000). Bond discount has been established as a prepaid expense and will be charged to interest expense ratably on the basis of bond principal retired. \$3,500,000 principal amount of the Central Core Redevelopment Project 1977 Bonds will be called in fiscal year 1978-79. The first principal maturity of the Central Core Redevelopment Project 1977 Bonds will occur in 1992-93. The first principal maturity of the Series A Parking Lease Revenue Bonds will occur in fiscal year 1980-81.

Lease Agreement

59 The Agency has entered into a lease agreement with the City of Sunnyvale dated May 1, 1977 for parking sites to be acquired and cleared with the proceeds of the Agency's Series A Parking Lease Revenue Bonds. The Lease will terminate by its terms on April 30, 2076, and may be terminated earlier as specified in the lease. Ordinance No. 1847-77 of the City Council, approving the Lease, was adopted on March 15, 1977. The Lease provides that the City will pay the Agency equal semi-annual installments of preliminary rentals or base rentals on October 15 and April 15 of each year. Rentals will commence on the later of October 15, 1980 or the date the Agency gives the City written notice that the property is available for use for parking purposes. The expected completion date of acquisition and clearance of the property is March 15, 1978. The October 15, 1980 date for commencement of base rental payments has been established in order to allow sufficient time for the private development to be completed and be reflected on the tax rolls, and to provide ample time for completion of acquisition and construction of the proposed parking facilities. Any surplus tax increment revenues received by the Agency (in excess of debt service requirements on outstanding Tax Allocation Bonds), may be applied to city lease payments for application to debt service on the Bonds described herein. Ordinance No. 1847-77 of the City provides for a maximum annual rental payment of \$2,000,000. The City is required to provide for the operation and maintenance of the parking facilities to be constructed on the sites and to pay to the Agency as additional rent the amount necessary to pay taxes and assessments, if any, premiums for insurance required by the Lease or the Bond Resolution and any other expenses of the Agency in connection with the Public Parking Project which are not met from other sources of funds. Upon completion of the Public Parking Facilities, by October 1, 1979, the City shall sublease the facilities at an annual rental of \$298,000 to the Developer for an initial term of 50 years with renewal options not to exceed 99 years.

(continued)

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977
(continued)

Funds

Transactions of the Redevelopment Agency are recorded in two bond funds, namely, Sunnyvale Central Core Redevelopment Project Redevelopment Fund, herein called "Redevelopment Fund", and Parking Acquisition and Construction Fund, herein called "Construction Fund". In the Redevelopment Fund are recorded those transactions pertaining to the "Developer Parcel" and the issuance of \$16,800,000 Central Core Redevelopment Project 1977 Bonds. In the Construction Fund are recorded those transactions pertaining to the "Agency Parcel" and the issuance of \$11,200,000 Series A Parking Lease Revenue Bonds.

Note 2. ESTABLISHMENT OF THE REDEVELOPMENT AGENCY

09 In 1957 the Sunnyvale City Council took action that formally recognized the need for redevelopment of portions of the City. The Agency was established under the provisions of the Community Redevelopment Law by Resolution No. 2600, approved and adopted by the City Council on November 19, 1957, and at the same time the City Council declared itself to be the Agency. The Agency appoints an Executive Director to implement Agency policies and administer redevelopment activities. The City Manager also acts as Executive Director of the Redevelopment Agency. The Agency periodically reimburses the City for personnel costs and related operating costs incurred on its behalf.

Note 3. CASH, RESTRICTED TO USE

Cash and investments in the Redevelopment Fund in the amount of \$10,763,210 are held in trust by the Agency solely for the purpose of aiding in financing the Project. Cash and investments in the Construction Fund in the amount of \$7,967,195 are held in trust by the Agency solely for the purpose of aiding in financing the Minimum Facilities or the Project or both.

Note 4. LONG-TERM DEBT

A summary of long-term indebtedness at June 30, 1977 follows:

(continued)

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977
(continued)

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1977</u>	<u>Maturities</u>	
					<u>Annual Requirements</u>	<u>Period Covered</u>
Central Core Redevelopment Project 1977 Bonds (a)	5/1/77	all 6.60%	\$16,800,000	\$16,800,000	One time special call anticipated in 1978-79. Various amounts from \$245,000 to \$1,105,000 from 1980-81 to 2006-07.	1978-2007
Series A Parking Lease Revenue Bonds (b)	5/1/77	4.40-6.00%	\$11,200,000	\$11,200,000	No payments to 1980-81, various amounts there- after from \$150,000 to \$875,000.	1980-2007

(a) The Bonds shall be subject to call and redemption prior to their stated maturity, at the option of the Agency, from any source of available funds, in part by lot, on any interest payment date from May 1, 1978 to May 1, 1980, at the principal amount thereof and accrued interest to the date of redemption plus a premium of four percent (4%) of such principal amount; provided that no more than \$3,500,000 principal amount of the Bonds shall be redeemed, and provided further that Bonds shall be called on only one interest payment date on or between the aforesaid dates.

The Bonds shall also be subject to call and redemption prior to their stated maturity, at the option of the Agency, as a whole, or in part by lot, from any source of available funds, including the Sinking Account, on May 1, 1993, and on any interest payment date thereafter, at the principal amount thereof and accrued interest to the date of redemption plus a premium of one-quarter of one percent ($\frac{1}{4}$ of 1%) for each whole year and for the fraction of a year, if any, remaining from the date of redemption to the stated maturity of the Bonds.

(b) The Agency shall have the right, on any interest payment date, to redeem the Bonds, as a whole, or in part by lot, from proceeds of insurance or proceeds of eminent domain proceedings, upon the terms and conditions of,

(continued)

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977
(continued)

and as provided for in, the Resolution of Issuance, at the principal amount thereof and accrued interest thereon to the date fixed for redemption without premium. If less than all of the outstanding Bonds are to be redeemed as hereinabove provided, the Trustee shall determine, as nearly as practicable, a principal amount in each maturity to be redeemed so that approximately equal annual debt service will prevail. Bonds due on or before May 1, 1992, shall not be otherwise subject to redemption before their respective stated maturities. Bonds due on or after May 1, 1993, shall also be subject to redemption prior to their respective stated maturities from any source of available funds at the option of the Agency on any interest payment date on or after May 1, 1992, as a whole, or in part in inverse order of maturity and by lot within a maturity, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-quarter of one per cent ($\frac{1}{4}$ of 1%) of such principal amount for each year or fraction thereof remaining between the date fixed for redemption and the stated maturity of the Bonds called for redemption.

62 Note 5. LITIGATION

In the ordinary course of conducting its operations, the Agency has sometimes found it necessary to institute eminent domain proceedings against property owners in order to acquire necessary property within the project area. Several such proceedings were active in September, 1977. The point at issue in all cases is the amount of just compensation to be paid to the property owner for his property. It is the opinion of management that the disposition of all suits (\$12,429,000) will not have any material adverse effect on the financial position of the Agency. In addition, there are several suits and claims based on inverse condemnation and other claims all of which have been referred to counsel.

Note 6. COMMITMENTS

The Agency has entered into several agreements for relocation, legal and other services relating to redevelopment. The unearned portion of these agreements at June 30, 1977 is approximately \$783,000.

Note 7. DEVELOPER'S ADVANCE OF FUNDS ON LAND PAYMENT

The Developer is required to pay in an amount up to \$2,000,000 under the following conditions:

(continued)

Redevelopment Agency of the City of Sunnyvale
NOTES TO FINANCIAL STATEMENTS
June 30, 1977
(continued)

1. No portion of the Advance of Funds would be paid to or advanced to the Agency prior to December 15, 1977.
2. No more than \$1,000,000 of the Advance of Funds would be required to be paid to or advanced to the Agency prior to January 15, 1978.
3. No portion of the Advance of Funds shall be paid to or advanced to the Agency which, when added to other funds of the Agency, would result in the Agency having at any such time of advance by Developer more than \$1,000,000 available for land acquisition costs.

The \$3,500,000 balance of the land purchase price (\$5,500,000) is to be paid March 15, 1978, the date for conveyance of the developer parcel.

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Note 8. FISCAL AND PAYING AGENT

The Bank of America is the Agency's fiscal and paying agent for the Central Core Redevelopment Project 1977 Bonds and the Series A Parking Lease Revenue Bonds. The fiscal agent's duties are as specified in the resolutions providing for the issuance of bonds.

Note 9. LAND

Title to certain property was transferred from the City to the Redevelopment Agency in accordance with the provisions pertaining to the issuance of Series A Parking Lease Revenue Bonds. This transfer of assets was recorded as land along with the related liability to the City on the Redevelopment Agency's records as of June 30, 1977, and the land will be charged to project costs upon the sale of Series B Parking Lease Revenue Bonds.

Redevelopment Agency of the City of Sunnyvale
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 Inception to June 30, 1977

	<u>Balance Inception</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 1977</u>
Redevelopment Fund	\$ -	\$11,767,536.41	\$ 1,004,325.97	\$10,763,210.44
Construction Fund	<u>-</u>	<u>8,609,882.84</u>	<u>642,688.30</u>	<u>7,967,194.54</u>
Total	<u>\$ -</u> (Note 1)	<u>\$20,377,419.25</u> (Note 2)	<u>\$ 1,647,014.27</u> (Note 2)	<u>\$18,730,404.98</u>

	<u>Investments</u>	<u>Cash in Bank</u>	<u>Total</u>
Redevelopment Fund	\$10,763,000.00	\$ 210.44	\$10,763,210.44
Construction Fund	<u>7,967,000.00</u>	<u>194.54</u>	<u>7,967,194.54</u>
Total	<u>\$18,730,000.00</u>	<u>\$ 404.98</u>	<u>\$18,730,404.98</u>

Note 1 - Inception means April 19, 1977 which was the date on which the bonds were sold.

Note 2 - These amounts do not include investment activity.

Redevelopment Agency of the City of Sunnyvale
 SCHEDULE OF INVESTMENTS BY THE AGENCY
 June 30, 1977

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Accrued Interest</u>
State of California Investment Pool				
Deposit	5.63	(1)	\$10,633,000.00	\$ 93,122.25
Deposit	5.63	(1)	7,967,000.00	67,236.57
Repurchase Agreement Bank of California	5.05	7/5/77	130,000.00	261.95
Total			<u>\$18,730,000.00</u>	<u>\$ 160,620.77</u>
Summary:				
Redevelopment Fund			\$10,763,000.00	\$ 93,384.20
Construction Fund			<u>7,967,000.00</u>	<u>67,236.57</u>
Total			<u>\$18,730,000.00</u>	<u>\$ 160,620.77</u>

Note 1 - Deposits are left in the State of California State Plan as long as desired with no maturity date specified.

Redevelopment Agency of the City of Sunnyvale
 SCHEDULE OF INVESTMENTS BY FISCAL AGENT
 June 30, 1977

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Accrued Interest</u>
Redevelopment Fund:				
Treasury bills	5.18 (Note 1)	11-03-77	\$3,095,385.10	\$ 25,352.46
Federal Home Loan Bank Bonds	7.65	5-26-87	1,100,000.00	8,415.00
Certificate of Deposit- Bank of America	5.50	11-25-77	<u>10,864.36</u>	<u>59.76</u>
Sub-total			<u>4,206,249.46</u>	<u>33,827.22</u>
Construction Fund:				
Treasury bills	5.50 (Note 1)	11-17-77	1,917,862.31	12,302.22
Federal Home Loan Bank Bonds	7.65 (Note 2)	5-26-77	460,143.75	4,463.10
Certificate of Deposit- Bank of America	5.50	11-28-77	<u>4,388.93</u>	<u>30.15</u>
Sub-total			<u>2,382,394.99</u>	<u>16,795.47</u>
Total			<u>\$6,588,644.45</u>	<u>\$ 50,622.69</u>

Note 1 - Yield.

Note 2 - Yield equals 7.76%.

Redevelopment Agency of the City of Sunnyvale
SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT DEVELOPMENT FUND
SCHEDULE OF FISCAL AGENT ACTIVITIES
CENTRAL CORE REDEVELOPMENT PROJECT 1977 BONDS
Inception to June 30, 1977

	Bond Proceeds Account	Interest Account	Reserve Account	Total
Cash balance, at inception	\$ -	\$ -	\$ -	\$ -
Cash receipts:				
Bond sale proceeds	15,969,240.00	-	-	15,969,240.00
Interest earnings on investments	510.90	-	2,731.53	3,242.43
Maturity of investment principal	4,204,000.00	-	1,108,000.00	5,312,000.00
Received from proceeds account	-	3,095,778.07	1,108,132.83	4,203,910.90
Total cash available	20,173,750.90	3,095,778.07	2,218,864.36	25,488,393.33
Cash disbursements:				
Transfer to interest account	3,095,778.07	-	-	3,095,778.07
Transfer to reserve account	1,108,132.83	-	-	1,108,132.83
Transfer to Agency Redevelopment Fund	11,765,040.00	-	-	11,765,040.00
Purchase of investments	4,204,000.00	3,095,385.10	2,218,864.36	9,518,249.46
Total cash disbursements	20,172,950.90	3,095,385.10	2,218,864.36	25,487,200.36
Cash balance, June 30, 1977	800.00	392.97	-	1,192.97
Investment balance, at inception	-	-	-	-
Additions	4,204,000.00	3,095,385.10	2,218,864.36	9,518,249.46
Deductions	4,204,000.00	-	1,108,000.00	5,312,000.00
Investment balance, June 30, 1977	-	3,095,385.10	1,110,864.36	4,206,249.46
Total Cash and Investments, June 30, 1977	\$ 800.00	\$ 3,095,778.07	\$ 1,110,864.36	\$ 4,207,442.43

(continued)

Redevelopment Agency of the City of Sunnyvale
 SUNNYVALE CENTRAL CORE REDEVELOPMENT PROJECT DEVELOPMENT FUND
 SCHEDULE OF FISCAL AGENT ACTIVITIES
 CENTRAL CORE REDEVELOPMENT PROJECT 1977 BONDS
 Inception to June 30, 1977
 (continued)

<u>Investments at June 30, 1977</u>		<u>Par Value</u>	<u>Unamortized</u>		<u>Book Value</u>
			<u>Premium</u>	<u>Discount</u>	
Treasury Bills	Due 11/03/77	\$3,175,000.00	\$ -	\$ 79,614.90	\$3,095,385.10
Federal Home Loan Bank Bonds 7.65%	Due 5/26/87	1,100,000.00	-	-	1,100,000.00
Certificate of Deposit 5.5%	Due 11/25/77	<u>10,864.36</u>	<u>-</u>	<u>-</u>	<u>10,864.36</u>
Total		<u>\$4,285,864.36</u>	<u>\$ -</u>	<u>\$ 79,614.90</u>	<u>\$4,206,249.46</u>

Note: The fiscal agent maintains its records on a cash basis, however, the Agency reflects interest earnings on an accrual basis.

Redevelopment Agency of the City of Sunnyvale
 PARKING ACQUISITION AND CONSTRUCTION FUND
 SCHEDULE OF FISCAL AGENT ACTIVITIES
 SERIES A PARKING LEASE REVENUE BONDS
 Inception to June 30, 1977

	Bond Proceeds Account	Interest Account	Reserve Account	Total
Cash balance, at inception	\$ -	\$ -	\$ -	\$ -
Cash receipts:				
Bond sale proceeds	10,995,575.34	-	-	10,995,575.34
Interest earnings on investments	1,225.62	780.41	549.81	2,555.84
Maturity of investment principal	2,385,000.00	1,921,000.00	463,000.00	4,769,000.00
Received from proceeds account	-	1,922,935.25	463,982.87	2,386,918.12
Total cash available	13,381,800.96	3,844,715.66	927,532.68	18,154,049.30
Cash disbursements:				
Transfer to interest account	1,922,935.25	-	-	1,922,935.25
Transfer to reserve account	463,982.87	-	-	463,982.87
Transfer to Agency Construction Fund	8,609,882.84	-	-	8,609,882.84
Purchase of investments	2,385,000.00	3,838,862.31	927,532.68	7,151,394.99
Total cash disbursements	13,381,800.96	3,838,862.31	927,532.68	18,148,195.95
Cash balance, June 30, 1977	-	5,853.35	-	5,853.35
Investment balance, at inception	-	-	-	-
Additions	2,385,000.00	3,838,862.31	927,532.68	7,151,394.99
Deductions	2,385,000.00	1,921,000.00	463,000.00	4,769,000.00
Investment balance, June 30, 1977	-	1,917,862.31	464,532.68	2,382,394.99
Total Cash and Investments, June 30, 1977	\$ -	\$ 1,923,715.66	\$ 464,532.68	\$ 2,388,248.34

(continued)

Redevelopment Agency of the City of Sunnyvale
 PARKING ACQUISITION AND CONSTRUCTION FUND
 SCHEDULE OF FISCAL AGENT ACTIVITIES
 SERIES A PARKING LEASE REVENUE BONDS
 Inception to June 30, 1977
 (continued)

<u>Investments at June 30, 1977</u>		<u>Par Value</u>	<u>Unamortized</u>		<u>Book Value</u>
			<u>Premium</u>	<u>Discount</u>	
Treasury Bills	Due 11/17/77	\$1,970,000.00	\$ -	\$ 52,137.69	\$1,917,862.31
Federal Home Loan Bank					
Bonds 7.65%	Due 5/26/87	463,000.00	-	2,856.25	460,143.75
Certificate of Deposit 5.50%	Due 11/28/77	<u>4,388.93</u>	<u>-</u>	<u>-</u>	<u>4,388.93</u>
Total		<u>\$2,437,388.93</u>	<u>\$ -</u>	<u>\$ 54,993.94</u>	<u>\$2,382,394.99</u>

Note: The Fiscal Agent maintains its records on a cash basis, however, the Agency reflects interest earnings on an accrual basis.

Redevelopment Agency of the City of Sunnyvale
CENTRAL CORE REDEVELOPMENT PROJECT 1977 BONDS
DEBT SERVICE SCHEDULE
All Bonds Mature on May 1, 2007

Fiscal Year	Premium %	Interest				Principal			Total Debt Service	Balance				Bond Numbers
		11-1	5-1	Premium	Total	Sinking Fund		Retired		Interest	Premium	Principal	Total	
						Deposits	Balance							
Bonds dated 5/1/77 - all 6.60 coupons														
1976-77		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$20,217,450.00	\$389,189.00	\$16,800,000.00	\$37,406,639.00	
77-78		-	1,108,800.00	-	1,108,800.00	-	-	-	-	20,217,450.00	389,189.00	16,800,000.00	37,406,639.00	
78-79	4	554,400.00	554,400.00	140,000.00	1,248,800.00	-	-	-	1,108,800.00	19,108,650.00	389,189.00	16,800,000.00	36,297,839.00	
79-80		438,900.00	438,900.00	-	877,800.00	-	-	3,500,000.00	4,748,800.00	17,999,850.00	249,189.00	13,300,000.00	31,549,039.00	1-700
80-81		438,900.00	438,900.00	-	877,800.00	245,000.00	245,000.00	-	1,122,800.00	16,244,250.00	249,189.00	13,300,000.00	29,548,439.00	
81-82		438,900.00	438,900.00	-	877,800.00	245,000.00	490,000.00	-	1,122,800.00	15,366,450.00	249,189.00	13,300,000.00	28,425,639.00	
82-83		438,900.00	438,900.00	-	877,800.00	245,000.00	735,000.00	-	1,122,800.00	14,488,650.00	249,189.00	13,300,000.00	27,302,839.00	
83-84		438,900.00	438,900.00	-	877,800.00	245,000.00	980,000.00	-	1,122,800.00	13,610,850.00	249,189.00	13,300,000.00	26,180,039.00	
84-85		438,900.00	438,900.00	-	877,800.00	245,000.00	1,225,000.00	-	1,122,800.00	12,733,050.00	249,189.00	13,300,000.00	25,057,239.00	
85-86		438,900.00	438,900.00	-	877,800.00	245,000.00	1,470,000.00	-	1,122,800.00	11,855,250.00	249,189.00	13,300,000.00	23,934,439.00	
86-87		438,900.00	438,900.00	-	877,800.00	245,000.00	1,715,000.00	-	1,122,800.00	10,977,450.00	249,189.00	13,300,000.00	22,811,639.00	
87-88		438,900.00	438,900.00	-	877,800.00	245,000.00	1,960,000.00	-	1,122,800.00	10,099,650.00	249,189.00	13,300,000.00	21,688,839.00	
88-89		438,900.00	438,900.00	-	877,800.00	245,000.00	2,205,000.00	-	1,122,800.00	9,221,850.00	249,189.00	13,300,000.00	20,566,039.00	
89-90		438,900.00	438,900.00	-	877,800.00	245,000.00	2,450,000.00	-	1,122,800.00	8,344,050.00	249,189.00	13,300,000.00	19,443,239.00	
90-91		438,900.00	438,900.00	-	877,800.00	245,000.00	2,695,000.00	-	1,122,800.00	7,466,250.00	249,189.00	13,300,000.00	18,320,439.00	
91-92		438,900.00	438,900.00	-	877,800.00	260,000.00	2,955,000.00	-	1,137,800.00	6,588,450.00	249,189.00	13,300,000.00	17,182,639.00	
92-93	3 1/2	438,900.00	438,900.00	117,075.00	994,875.00	390,000.00	-	3,345,000.00	1,384,875.00	5,710,650.00	132,114.00	9,955,000.00	15,797,764.00	701-1369
93-94	3 1/4	328,515.00	328,515.00	13,650.00	670,680.00	420,000.00	-	420,000.00	1,090,680.00	5,053,620.00	118,464.00	9,535,000.00	14,707,084.00	1370-1453
94-95	3	314,655.00	314,655.00	13,500.00	642,810.00	450,000.00	-	450,000.00	1,092,810.00	4,424,310.00	104,964.00	9,085,000.00	13,614,274.00	1454-1543
95-96	2 3/4	299,805.00	299,805.00	13,475.00	613,085.00	490,000.00	-	490,000.00	1,103,085.00	3,824,700.00	91,489.00	8,595,000.00	12,511,189.00	1544-1641
96-97	2 1/2	283,635.00	283,635.00	13,000.00	580,270.00	520,000.00	-	520,000.00	1,100,270.00	3,257,430.00	78,489.00	8,075,000.00	11,410,919.00	1642-1745
97-98	2 1/4	266,475.00	266,475.00	12,600.00	545,550.00	560,000.00	-	560,000.00	1,105,550.00	2,724,480.00	65,889.00	7,515,000.00	10,305,369.00	1746-1857
98-99	2	247,995.00	247,995.00	12,200.00	508,190.00	610,000.00	-	610,000.00	1,118,190.00	2,228,490.00	53,689.00	6,905,000.00	9,187,179.00	1858-1979
99-00	1 3/4	227,865.00	227,865.00	11,463.00	467,193.00	655,000.00	-	655,000.00	1,122,193.00	1,772,760.00	42,226.00	6,250,000.00	8,064,986.00	1980-2110
00-01	1 1/2	206,250.00	206,250.00	10,575.00	423,075.00	705,000.00	-	705,000.00	1,128,075.00	1,360,260.00	31,651.00	5,545,000.00	6,936,911.00	2111-2251
01-02	1 1/4	182,985.00	182,985.00	9,500.00	375,470.00	760,000.00	-	760,000.00	1,135,470.00	994,290.00	22,151.00	4,785,000.00	5,801,441.00	2252-2403
02-03	1	157,905.00	157,905.00	8,200.00	324,010.00	820,000.00	-	820,000.00	1,144,010.00	678,480.00	13,951.00	3,965,000.00	4,657,431.00	2404-2567
03-04	3/4	130,845.00	130,845.00	6,638.00	268,328.00	885,000.00	-	885,000.00	1,153,328.00	416,790.00	7,313.00	3,080,000.00	3,504,103.00	2568-2744
04-05	1/2	101,640.00	101,640.00	4,750.00	208,030.00	950,000.00	-	950,000.00	1,158,030.00	213,510.00	2,563.00	2,130,000.00	2,346,073.00	2745-2934
05-06	1/4	70,290.00	70,290.00	2,563.00	143,143.00	1,025,000.00	-	1,025,000.00	1,168,143.00	72,930.00	-	1,105,000.00	1,177,930.00	2935-3139
06-07		36,465.00	36,465.00	-	72,930.00	1,105,000.00	-	1,105,000.00	1,177,930.00	-	-	-	-	3140-3360
Total		\$9,554,325.00	\$10,663,125.00	\$389,189.00	\$20,606,639.00	\$13,300,000.00	\$ -	\$16,800,000.00	\$37,406,639.00					

Note 1 - Sold April 19, 1977.

Note 2 - Net effective interest rate 6.76667%

Note 3 - All bonds mature on May 1, 2007.

Note 4 - Not rated by the rating agencies at time of sale.

Note 5 - The bonds all have a maturity date of May 1, 2007. The premium reflects the manner in which it is anticipated that the bonds will be called.

Redevelopment Agency of the City of Sunnysvale
SERIES A PARKING LEASE REVENUE BONDS
DEBT SERVICE SCHEDULE

Fiscal Year	Coupon Rate	Interest			Principal		Balance			Bond Numbers
		11-1	5-1	Total	5-1	Total	Interest	Principal	Total	
Bonds dated 5/1/77							\$13,675,020.00	\$11,200,000.00	\$24,875,020.00	
1976-77	-	\$ -	\$ -	\$ -	\$ -	\$ -	13,675,020.00	11,200,000.00	24,875,020.00	
77-78	-	-	640,647.50	640,647.50	-	640,647.50	13,034,372.50	11,200,000.00	24,234,372.50	
78-79	-	320,323.75	320,323.75	640,647.50	-	640,647.50	12,393,725.00	11,200,000.00	23,593,725.00	
79-80	-	320,323.75	320,323.75	640,647.50	-	640,647.50	11,753,077.50	11,200,000.00	22,953,077.50	
80-81	6.00	320,323.75	320,323.75	640,647.50	150,000.00	790,647.50	11,112,430.00	11,050,000.00	22,162,430.00	1-30
81-82	5.80	315,823.75	315,823.75	631,647.50	160,000.00	791,647.50	10,480,782.50	10,890,000.00	21,370,782.50	31-62
82-83	4.40	311,183.75	311,183.75	622,367.50	170,000.00	792,367.50	9,858,415.00	10,720,000.00	20,578,415.00	63-96
83-84	4.50	307,443.75	307,443.75	614,887.50	185,000.00	799,887.50	9,243,527.50	10,535,000.00	19,778,527.50	97-133
84-85	4.65	303,281.25	303,281.25	606,562.50	195,000.00	801,562.50	8,636,965.00	10,340,000.00	18,976,965.00	134-172
85-86	4.80	298,747.50	298,747.50	597,495.00	210,000.00	807,495.00	8,039,470.00	10,130,000.00	18,169,470.00	173-214
86-87	4.90	293,707.50	293,707.50	587,415.00	225,000.00	812,415.00	7,452,055.00	9,905,000.00	17,357,055.00	215-259
87-88	5.00	288,195.00	288,195.00	576,390.00	240,000.00	816,390.00	6,875,665.00	9,665,000.00	16,540,665.00	260-307
88-89	5.10	282,195.00	282,195.00	564,390.00	260,000.00	824,390.00	6,311,275.00	9,405,000.00	15,716,275.00	308-359
89-90	5.20	275,565.00	275,565.00	551,130.00	275,000.00	826,130.00	5,760,145.00	9,130,000.00	14,890,145.00	360-414
90-91	5.30	268,415.00	268,415.00	536,830.00	295,000.00	831,830.00	5,223,315.00	8,835,000.00	14,058,315.00	415-473
91-92	5.40	260,597.50	260,597.50	521,195.00	315,000.00	836,195.00	4,702,120.00	8,520,000.00	13,222,120.00	474-536
92-93	5.50	252,092.50	252,092.50	504,185.00	340,000.00	844,185.00	4,197,935.00	8,180,000.00	12,377,935.00	537-604
93-94	5.60	242,742.50	242,742.50	485,485.00	360,000.00	845,485.00	3,712,450.00	7,820,000.00	11,532,450.00	605-676
94-95	5.70	232,662.50	232,662.50	465,325.00	390,000.00	855,325.00	3,247,125.00	7,430,000.00	10,677,125.00	677-754
95-96	5.80	221,547.50	221,547.50	443,095.00	415,000.00	858,095.00	2,804,030.00	7,015,000.00	9,819,030.00	755-837
96-97	5.80	209,512.50	209,512.50	419,025.00	445,000.00	864,025.00	2,385,005.00	6,570,000.00	8,955,005.00	838-926
97-98	5.90	196,607.50	196,607.50	393,215.00	475,000.00	868,215.00	1,991,790.00	6,095,000.00	8,086,790.00	927-1021
98-99	5.90	182,595.00	182,595.00	365,190.00	510,000.00	875,190.00	1,626,600.00	5,585,000.00	7,211,600.00	1022-1123
99-00	6.00	167,550.00	167,550.00	335,100.00	545,000.00	880,100.00	1,291,500.00	5,040,000.00	6,331,500.00	1124-1232
00-01	6.00	151,200.00	151,200.00	302,400.00	580,000.00	882,400.00	989,100.00	4,460,000.00	5,449,100.00	1233-1348
01-02	6.00	133,800.00	133,800.00	267,600.00	625,000.00	892,600.00	721,500.00	3,835,000.00	4,556,500.00	1349-1473
02-03	6.00	115,050.00	115,050.00	230,100.00	665,000.00	895,100.00	491,400.00	3,170,000.00	3,661,400.00	1474-1606
03-04	6.00	95,100.00	95,100.00	190,200.00	715,000.00	905,200.00	301,200.00	2,455,000.00	2,756,200.00	1607-1749
04-05	6.00	73,650.00	73,650.00	147,300.00	765,000.00	912,300.00	153,900.00	1,690,000.00	1,843,900.00	1750-1902
05-06	6.00	50,700.00	50,700.00	101,400.00	815,000.00	916,400.00	52,500.00	875,000.00	927,500.00	1903-2065
06-07	6.00	26,250.00	26,250.00	52,500.00	875,000.00	927,500.00	-	-	-	2066-2240
Total		\$ 6,517,186.25	\$ 7,157,833.75	\$13,675,020.00	\$11,200,000.00	\$24,875,020.00				

Note 1 - Sold April 19, 1977

Note 2 - Net effective interest rate 5.93607%

Note 3 - Bond ratings at the time of sale were:

Moody's Investors Service A-1
Standard & Poor's Corporation A

Redevelopment Agency of the City of Sunnyvale
REQUIRED DEBT SERVICE RESERVES
June 30, 1977

	Central Core Redevelopment Project 1977 Bonds				Series A Parking Lease Revenue Bonds		
Reserve Requirements	Interest Account	Reserve Account	Sinking Account	Total	Interest and Principal Account	Reserve Account	Total
Interest due:							
May 1, 1978	\$1,108,800.00	\$ -	\$ -	\$1,108,800.00	\$ 640,647.50	\$ -	\$ 640,647.50
November 1, 1978	554,400.00	-	-	554,400.00	320,323.75	-	320,323.75
May 1, 1979	554,400.00	-	-	554,400.00	320,323.75	-	320,323.75
November 1, 1979	438,900.00	-	-	438,900.00	320,323.75	-	320,323.75
May 1, 1980	438,900.00	-	-	438,900.00	320,323.75	-	320,323.75
Other amounts:							
Minimum Reserve (Maximum Annual Interest - Interest due in fiscal year 1977-78)	-	1,108,800.00	-	1,108,800.00	-	-	-
One-half Maximum Annual Debt Service (one-half of \$927,500.00 which is the debt service requirement for fiscal year 2006-07)	-	-	-	-	-	463,750.00	463,750.00
Total	<u>\$3,095,400.00</u> (Note 1)	<u>\$1,108,800.00</u> (Note 2)	<u>\$ -</u> (Note 3)	<u>\$4,204,200.00</u>	<u>\$1,921,942.50</u> (Note 4)	<u>\$ 463,750.00</u> (Note 5)	<u>\$2,385,692.50</u>

Note 1 - This reserve was established out of bond proceeds in amount sufficient to pay the interest on all of the bonds due on or before May 1, 1979, and, in addition, to pay the interest becoming due and payable on \$13,300,000.00 principal amount of the bonds on November 1, 1979 and May 1, 1980. The reserve requirement in future years consists of the amount sufficient to pay all of the interest becoming due and payable on all of the outstanding bonds on the next succeeding interest payment date.

Note 2 - This reserve was established out of bond proceeds and the balance in this reserve is to be increased until such time as the balance equals twice the Minimum Reserve by the retention of interest earnings. The funds in this reserve are to be used solely for the purpose of replenishing the Interest Account or the Sinking Account.

Note 3 - From March 1, 1978 to March 30, 1980 funds available shall be applied to the call and redemption of not to exceed \$3,500,000.00 of principal amount of bonds. On May 1, 1993, or any May 1 thereafter, the funds available are to be applied to the call and redemption of bonds.

Note 4 - This reserve was established out of bond proceeds in amount sufficient to pay the interest becoming due and payable on all of the bonds on or before May 1, 1980. In future years the reserve requirement consists of deposits on each April 25 and October 25 (commencing October 25, 1980) sufficient to pay the next succeeding interest payment and one-half of the next succeeding principal payment.

Note 5 - This reserve was established out of bond proceeds and upon the future sale of Series B bonds it is contemplated to increase this reserve requirement to an amount equal to maximum annual debt service.

Redevelopment Agency of the City of Sunnyvale
PROJECT AND FINANCING COSTS
ESTIMATED COSTS COMPARED WITH COSTS INCURRED TO DATE
Inception to June 30, 1977

	Redevelopment Fund			Construction Fund			Combined		
	Estimated Project Costs	Costs Incurred To Date	Balance	Estimated Project Costs	Costs Incurred To Date	Balance	Estimated Project Costs	Costs Incurred To Date	Balance
<u>Project Expenditures</u>									
Property acquisition and acquisition expenses	\$11,302,000	\$ 840,343	\$10,461,657	\$ 7,133,000	\$ 518,222	\$6,614,778	\$18,435,000	\$1,358,565	\$17,076,435
Relocation costs and related expenses	1,220,000	21,710	1,198,290	780,000	14,473	765,527	2,000,000	36,183	1,963,817
Demolition and clearance	183,000	-	183,000	117,000	-	117,000	300,000	-	300,000
Public improvements	610,000	-	610,000	390,000	3,596	386,404	1,000,000	3,596	996,404
Costs of issuance	200,000	132,851	67,149	122,000	100,886	21,114	322,000	233,737	88,263
Administration and miscellaneous	200,000	20,357	179,643	100,000	13,844	86,156	300,000	34,201	265,799
Total project expenditures	<u>13,715,000</u>	<u>1,015,261</u>	<u>12,699,739</u>	<u>8,642,000</u>	<u>651,021</u>	<u>7,990,979</u>	<u>22,357,000</u>	<u>1,666,282</u>	<u>20,690,718</u>
 <u>Financing Expenditures</u>									
Reserve fund	1,302,000	1,108,800	193,200	482,000	463,750	18,250	1,784,000	1,572,550	211,450
Capitalized interest	3,643,000	3,095,400	547,600	2,352,000	1,921,942	430,058	5,995,000	5,017,342	977,658
74 Bond discount	840,000	840,000	-	224,000	224,000	-	1,064,000	1,064,000	-
Total financing expenditures	<u>5,785,000</u>	<u>5,044,200</u>	<u>740,800</u>	<u>3,058,000</u>	<u>2,609,692</u>	<u>448,308</u>	<u>8,843,000</u>	<u>7,653,892</u>	<u>1,189,108</u>
Total	<u>\$19,500,000</u>	<u>\$6,059,461</u>	<u>\$13,440,539</u>	<u>\$11,700,000</u>	<u>\$3,260,713</u>	<u>\$8,439,287</u>	<u>\$31,200,000</u>	<u>\$9,320,174</u>	<u>\$21,879,826</u>
							(Notes 1, 2)		

Note 1 - Budget financed by the following estimated revenues:

Sale of bonds:	
Central Core Redevelopment Project 1977 Bonds	\$16,800,000
Series A Parking Lease Revenue Bonds	11,200,000
Interest on investments	1,200,000
Developer land payment	2,000,000
Total	<u>\$31,200,000</u>

Note 2 - Does not include project and financing costs for the parking structure, about \$8,000,000, and refunding of existing Parking District Bonds, about \$2,275,000 to be financed by Series B Parking Lease Revenue Bonds to be sold in February, 1978.

Redevelopment Agency of the City of Sunnyvale
GROSS ASSESSED VALUATION
For Fiscal Years 1975-76 to 1977-78

<u>Fiscal Year/Tax Code Area</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total</u>
<u>1975-76 (Base Year)</u>				
9-091	\$ -	\$ -	\$ 2,790	\$ 2,790
9-121	114,820	315,940	308,494	739,254
9-168	1,422,749	2,087,501	834,632	4,344,882
9-169	<u>1,437,543</u>	<u>2,250,775</u>	<u>1,156,676</u>	<u>4,844,994</u>
Total	<u>\$2,975,112</u>	<u>\$4,654,216</u>	<u>\$2,302,592</u>	<u>\$ 9,931,920</u>
<u>1976-77</u>				
9-091	\$ -	\$ 1,070	\$ 3,180	\$ 4,250
9-121	114,990	381,725	311,470	808,185
9-168	1,872,054	2,680,378	275,855	4,828,287
9-169	<u>1,261,342</u>	<u>2,051,827</u>	<u>251,764</u>	<u>3,564,933</u>
Total	<u>\$3,248,386</u>	<u>\$5,115,000</u>	<u>\$ 842,269</u>	<u>\$ 9,205,655</u>
<u>1977-78</u>				
9-091	\$ -	\$ 1,380	\$ 3,290	\$ 4,670
9-121	117,470	385,945	340,163	843,578
9-168	2,183,749	2,940,566	658,542	5,782,857
9-169	<u>1,313,652</u>	<u>2,236,701</u>	<u>1,053,499</u>	<u>4,603,852</u>
Total	<u>\$3,614,871</u>	<u>\$5,564,592</u>	<u>\$2,055,494</u>	<u>\$11,234,957</u>

Note - Property acquired by the Agency will be off the tax roll for fiscal year 1978-79. It is anticipated that the gross assessed valuation will drop approximately \$3,000,000 in fiscal year 1978-79.

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